Stock Code: 6547

Annual report: **http://www.medigenvac.com**

http://mops.twse.com.tw

高端疫苗生物製劑股份有限公司
MEDIGEN VACCINE BIOLOGICS CORP

2020 Annual Report

Printed on May 1, 2021

(This English version Annual report is the translation of the Chinese version and is for reference purposes only. If there is any discrepancy between the English version and Chinese version, 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.medigenvac.com

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Chapter 1. Letter to Shareholders

I. 2020 Operating Report

(I) Implementation results of the 2020 business plan and profitability analysis

The Company is a biotechnology new drug research and development company. The research and development product line includes COVID-19 vaccines, enterovirus vaccines, dengue vaccines, monoclonal antibody biosimilar drugs, etc. Most of the main products are in the middle and late stages of research and development. The biological preparation factory located in the Zhubei plant complies with the Good Manufacturing Practices for Western Medicines and has obtained the PIC/S GMP appraisal license of complete production of Enterovirus 71 vaccine from the original solution to the sterile preparation of vaccine injection solution filling operations, sorting/packing operations and laboratory operations. The product has completed Phase III clinical trials and will be used for production and shipment from a PIC/S GMP-certified vaccine factory after obtaining the drug certificate, and will be deployed in Taiwan, Mainland China and Southeast Asia. In addition, the COVID-19 vaccine completed the preclinical trial and the interim analysis report of the first phase human clinical trial in 2020, and obtained the TFDA Phase II clinical trial approval on December 29, 2020.

In response to the outbreak of COVID-19 in 2020, the Company developed a COVID-19 Real-Time Polymerase chain reaction kit (RT-PCR). Sales revenue for 2020 included RT-PCR sales and testing services was NT$11,507 thousand. Operating expenses were NT$771,517 thousand, of which research and development expenses were NT$679,556 thousand. After adding the net non-operating income, the net loss for the current period was NT$674,280 thousand.

(II) Budget implementation and financial revenue and expenditure

The implementation of the 2020 budget:

In NT$ thousand

Year	2020		
Item	Actual Amount	Estimated Amount	Deviation
Sales Revenue	11,507	4,631	6,876
Operating costs	3,871	999	2,872
Gross Profit	7,636	3,632	4,004
Operating Expenses	771,517	877,730	(106,213)
Non-operating income and expenses	89,601	31,091	58,510
Net loss before tax	674,280	843,007	(168,727)

It is mainly due to the COVID-19 subsidy received from the Centers for Disease Control (CDC) this year, which caused the difference between the actual quantity and the estimated quantity.

(III) Research and Development

For the COVID-19 vaccine, the company signed a cooperative development contract with the National Institutes of Health in February 2020 to obtain a COVID-19 vaccine candidate and related biological materials. The animal immunogenicity experiment was carried out in Taiwan in March, and it was evaluated that this technology platform has development value; the two parties signed a global commercial license agreement on May 5, 2020, and obtained the complete rights to use, produce, and sell the Recombinant Spike Protein Vaccine" for COVID-19. The US National Institutes of Health has developed a production platform for coronavirus spike protein vaccines such as SARS and MERS in the past. In addition to continuing NIH's existing research and development results to conduct animal and clinical trials in Taiwan, the Company will also simultaneously develop mass production process parameters. The preclinical toxicology test, the hamster challenge test, and the interim analysis report of the first phase of the human clinical trial were completed in 2020, and the second phase of the human clinical trial application was submitted to the Food and Drug Administration (TFDA) on December 15, 2020. After review and evaluation by the TFDA expert meeting, the second phase of clinical trial approval was obtained on December 29, 2020.

The Company's enterovirus EV71 vaccine multi-country multi-center phase III clinical trial was conducted simultaneously in Taiwan and Vietnam, and the number of cases received in both places was completed in December 2020. This vaccine verification is applicable to infants aged 2 months to 6 months who are most in demand for vaccines, to meet the best immunization needs and build product competitiveness.

II. Business plan for 2021

(I) The second phase of clinical trials of the COVID-19 vaccine has been enrolled, and strive to complete data analysis and apply for Taiwan’s Emergency Use Authorizations (EUA) in the first half of the year; Following the domestic vaccine delivery plan in the second half of the year, the Company will provide the COVID-19 vaccine to increase the overall domestic vaccine delivery rate and contribute to Taiwan’s epidemic prevention.

(II) As for the EV71 vaccine of enterovirus, the Company is the first company in the world to obtain clinical trial data for infants aged 2 to 6 months. It has completed the third phase of the EV71 vaccine in April 2021. The multi-center clinical trial was successful in unblinding, and the data has reached the standard recommended by the Taiwanese regulatory agency. After the clinical trial report is completed, it is expected to be

completed in the second quarter and submitted to Taiwan to apply for review. Then Vietnam and the ASEAN countries will successively submit applications for drug certification and strive to start sales next year. When applying for a drug certificate, the Company's enterovirus vaccine will actively deploy both self-funded and publicly-funded markets. It can immediately expand its market share and establish herd immunity for children in Taiwan after the drug certificate is obtained.

(III) The Company represented South Korea's GC Pharma quadrivalent seasonal influenza vaccine and applied for an import certificate. Based on business strategy considerations, it changed to its own brand. While GC Pharma produces the antigen, the Company takes charge of filling, packaging, and the quality control of the solution to increase local vaccine production rate and effectively control the product quality, profit, and delivery time.

(IV) For the dengue vaccine, the Company is still in continuous communication with its partners for the Phase III multi-country and multi-center clinical trial planning in Taiwan and Southeast Asia.

(V) In terms of biosimilar drugs, the Company has market rights in major Asian countries and assist in the implementation of clinical trials in major Asian countries, and are responsible for the implementation of clinical trials in major Asian countries. Drug certification applications, process introduction, and mass production planning are also under active evaluation.

III. Future Development Strategies

The Company focuses on the development and production of vaccines and other genetically engineered protein drugs (including antibody drugs and virus-like particles) with "new cell culture process technology". As the vaccine industry has high threshold characteristics with special manufacturing processes and complex production restrictions and large-scale mass production capacity, it will become an important link to fill the gap in epidemic prevention in the Asia-Pacific region and form the Company's largest competitiveness foundation.

MVC has the only PIC/S GMP cell culture vaccine mass-production plant in Taiwan and has obtained the PIC/S GMP evaluation license. It has also obtained certification for the filling operation, packing operation, and laboratory operation of the enterovirus EV71 vaccine from the original solution to the sterile preparation of the vaccine injection solution. In the future, it will enter the domestic, Southeast Asian, and mainland China vaccine markets with a factory-scale production process. With cell culture mass production capabilities, it has established long-term cooperative relationships with international R&D units such as NIH and WHO.

In the future, R&D and business development of vaccines and protein drugs will be continued, and the steady growth of various businesses will be pursued in order to pursue the largest shareholder's equity.

IV. Effect of external competition, the legal environment, and the overall business environment

At present, all walks of life in Taiwan continue to focus on and invest resources in the biotechnology industry. Government policies, competent authorities, capital markets, investors, etc. have adopted a positive and optimistic attitude towards the country's vigorous development of the biotechnology industry. With relatively abundant resources, the Company will continue to use external resources and favorable legal conditions to fulfill its social responsibilities and seek the best interests of shareholders.

Chairman: Shih-Chung Chang 

Chapter 2. Company Profile

I. Date of Incorporation: October 22, 2012

II. Company History

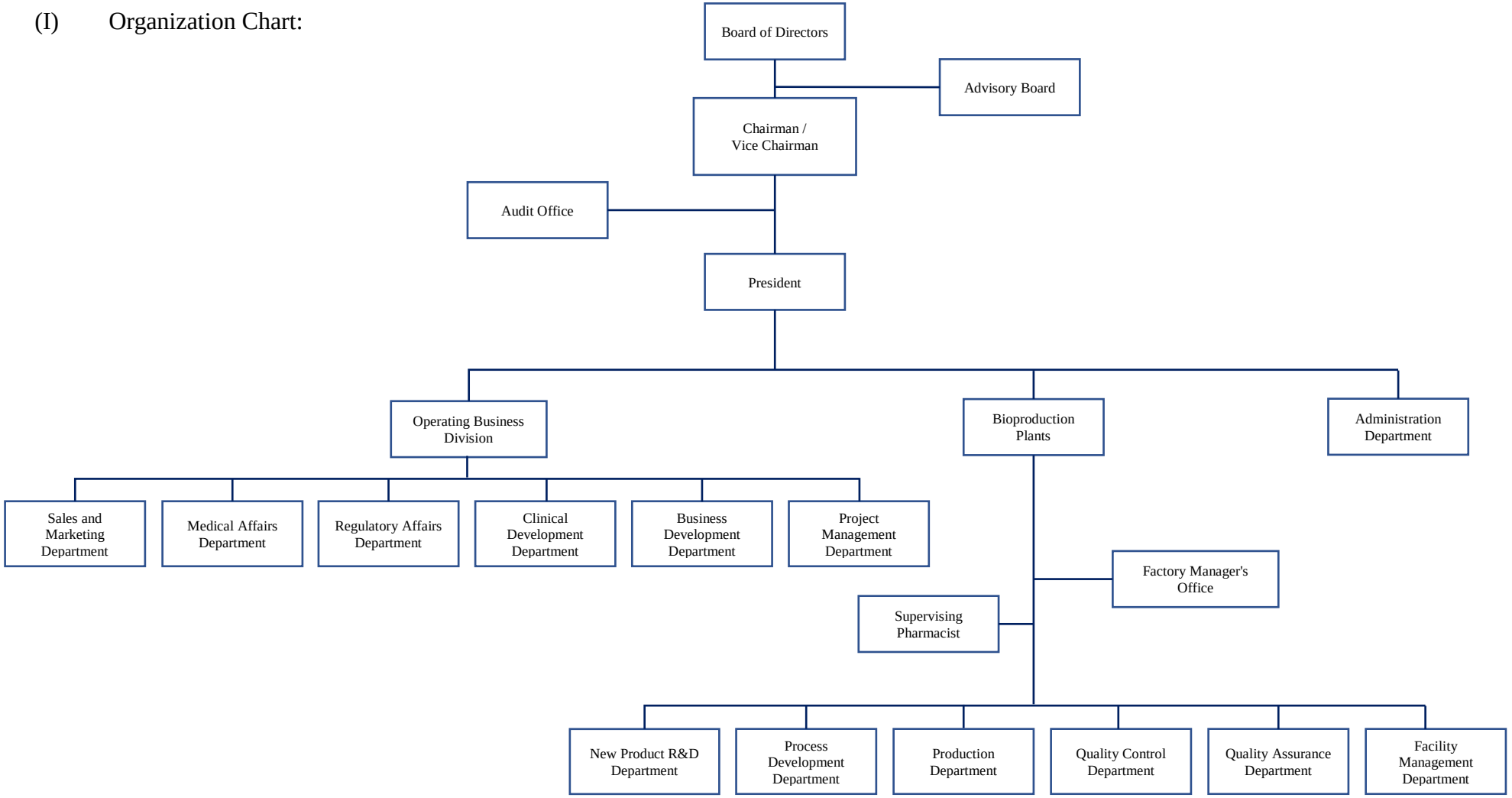
Year/Month	Milestones
2016 March	MVC signed an agreement with UCAB, mAbXience, Libbs, and SPIMACO to form a consortium to co-develop biosimilar palivizumab against the respiratory syncytial virus (RSV) among infants.
2016 October	MVC signed an agreement with US CDC to co-develop the dengue virus-like particles (VLP) vaccine.
	MVC inaugurated the vaccine manufacturing plant in Biomedical Park, Hsinchu County, Taiwan.
2016 November	MVC licensed in US NIH's dengue vaccine and obtained the market rights to develop, manufacture, sell and sublicense in 17 countries.
2016 December	MVC won the Taiwan's National Innovation Award for "The first EV71 vaccine protecting 2~6-month-old infants"
2017 April	MVC signed a licensing agreement with Taiwan CDC for BCG vaccine and snake anti-venom.
2017 June	MVC changed its Chinese name.
2017 July	Cash capital increase and execution of employee share options, amounting to NT$ 142,650 thousand, with paid-in capital of NT$ 1,367,650 thousand.
2017 September	The scope of MVC's market rights to develop, manufacture, sell and sublicense of dengue vaccine license with US NIH has extended 6 South Asian countries, 10 South Ease Asian Counties, and 6 middle east countries totaling 26 countries including Taiwan, S. Korea, Australia, and Papua New Guinea.
2018 April	Issuance of new shares through cash capital increase before IPO for NT$ 182,820 thousand, with paid-in capital totaling NT$ 1,553,095 thousand.
	MVC was officially listed on TPEx.
2018 November	MVC's EV71 vaccine process "from the main virus and master cell bank to the manufacturing stage of vaccine bulk" passed PIC/S GMP qualification of the Ministry of Health and Welfare, Taiwan.
2019 February	Another MVC product - sterile preparation passed PIC/S GMP qualification of Ministry of Health and Welfare, Taiwan. Thereby, MVC obtained qualification for the complete processes of EV71 vaccine bulk manufacturing, sterile preparation of solution for injection filling, packaging, and laboratory procedures.
2019 March	MVC entered a strategic alliance agreement with Medigen Biotech Corp. and Taiwan Bio Therapeutics Co., Ltd.

Year/Month	Milestones
	MVC's EV71 vaccine was approved to conduct a phase III clinical study by the Ministry of Health (Vietnam).
2019 May	MVC applied for a new drug application (NDA) for the quadrivalent influenza vaccine to Taiwan Food and Drug Administration.
	MVC applied its "EV71 vaccine phase III clinical study development plan" at A+ Industrial Innovative R&D Program, the Ministry of Economic Affairs (Fast Track), and the plan was approved and was granted with subsidy.
2019 December	The Company completed the enrollment of subjects for the multination, multicenter phase III clinical study of the EV71 vaccine.
2020 February	Cash capital increase of NT$ 300,000 thousand, with paid-in capital of NT$ 1,860,258 thousand.
	MVC entered a cooperative development contract with the US NIH to co-develop "COVID-19 vaccine."
2020 April	MVC's "RT-PCR test kits for COVID-19" are compliant with the CE Certification standards. MVC has completed the self-declaration and application procedure, obtained CE Certification for in vitro diagnostic device (IVD), and the application for manufacture of the medical devices was approved by the Taiwan Food and Drug Administration in April.
2020 May	The Company signed a global commercial license agreement with US NIH for the COVID-19 vaccine.
2020 August	MVC was approved with conditions to carry out phase II clinical study for COVID-19 vaccine by TFDA.
2020 November	Cash capital increase of NT$ 240,000 thousand, with paid-in capital of NT$ 2,110,988 thousand.
2020 December	MVC sold its cell processing center to Taiwan Bio Therapeutics Co., Ltd.
	MVC was approved with conditions to carry out phase II clinical study for COVID-19 vaccine by TFDA.
2021 April	MVC had unblind success in multination, multicenter phase III clinical trials for the EV71 vaccine, and the results met the requirement of the competent authorities in Taiwan. The Company will apply to TFDA for marketing authorization via the accelerated approval pathway.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization Chart:



(II) Department Functions

Departments	Functions
Project Management Department	1. Planning, integrating, assessing risks, and implementing project developments, controlling project progress and budget. 2. Managing intellectual property rights and contracts.
Regulatory Affairs Department	1. Applying for domestic and overseas drug licenses. 2. Providing information on laws and regulations regarding pharmaceutical affairs. 3. Applying for drug licenses.
Clinical Development Department	1. Designing and executing various clinical trial phases based on the drugs. 2. Evaluating commissioned trial institutions. 3. Monitoring clinical trial progress and controlling the budget. 4. Establishing guidelines regarding the execution of clinical studies. 5. Ensuring the quality of clinical trials and the compliance with International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) and FDAs of various countries.
Business Development Department	1. Planning short-, medium-, and long-term strategies and directions based on the Company's goals. 2. Developing domestic and overseas cooperation targets, and evaluating relevant technologies and markets. 3. Managing cooperation projections, coordinating among departments, ensuring project progress, and controlling budgets. 4. Contacting with international institutions, and promoting international cooperation. 5. Seeking opportunities for technology transfer and strategic alliance.
Production Department	1. Implementing trial mass production in line with R&D plans. 2. Designing manufacturing process, and supporting manufacturing facilities. 3. Scheduling upstream, downstream, and filling procedures. 4. Conducting regular maintenance and repair of equipment.
Facility Management Department	1. Managing and controlling raw materials and inventories 2. Conducting maintenance and management of factory facilities and equipment 3. Planning, supervising, and executing industrial safety, health, and environmental protection work.
Quality Assurance Department	1. Auditing and evaluating the raw materials manufacturers, material manufacturers, suppliers. 2. Planning, executing, and reviewing the internal GMP self-inspection. 3. Supervising changes in control operations, and evaluating stability and product quality annually.
Quality Control Department	1. Formulating check specifications and standards for raw materials, work in process, and finished goods. 2. Reviewing and revising the tests and sampling methods of specification inspection, and relevant operating procedures of quality control standards. 3. Handling technical problems of quality control inspection items, and designing and executing stability tests.

Departments	Functions
Process Development Department	1. Maintaining the equipment functionality and environmental cleanliness of the manufacturing zone. 2. Optimizing processes and scheduling relevant tests. 3. Supporting process development projects and other R&D work.
New Product R&D Department	1. Conducting R&D of new products and subsequent applications. 2. Conducing relevant product R&D 3. Planning R&D work plans with external R&D units, and accelerating development progress.
Administration Department	1. Planning short-and medium-term capital utilization and scheduling plans. 2. Planning and carrying out accounting policies and accounting matters. 3. Executing and controlling budgets, and preparing and analyzing financial statements. 4. Formulating and carrying out human resource management policies. 5. Establishing and maintaining the Company's Internet system, and providing information services. 6. Conducting assets inventory 7. Handling administrative and share affairs
Audit Office	1. Evaluating and supervising the implementation and performance results of internal management regulations. 2. Planning and executing audit tasks. 3. Carrying out audit tasks on projects.
Medical Affairs Department	1. Monitoring and reporting post-marketing drug safety, and conducting relevant risk management. 2. Evaluating the feasibility of clinical trials and relevant research strategies. 3. Planning and supporting medical or public health exchange activities between the Company and external institutions, academic institutions, or medical organizations.
Sales and Marketing Department	1. Planning and carrying out relevant government procurement and market expansions. 2. Proposing product marketing strategies and sales plans. 3. Analyzing and predicting product market trends. 4. Communicating and maintaining a good relationship with dealers.

II. Directors, Supervisors and Management Team

(I) Information on the Directors and Supervisors

May 1, 2021

Position	Name	Gender	Nationality/Place of registration	Date first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark (Note 3)
							Shares	%	Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
Director	Medigen Biotech Corp. Rep.: Shih-Chung Chang	Male	R.O.C.	2012.12.12	2018.6.5	3	45,511,640 -	33.21 -	45,847,811 -	21.58 -	- -	- -	- -	- -	- Doctor of Medicine, National Taiwan University College of Medicine Ph.D. in Laser Medicine, University of London Chair, School of Medicine, Tzu Chi University Director, Department of Urology, Tzu Chi Hospital Attending Physician, National Taiwan University Hospital President, Medigen Biotech Corp.	- Director, TBG Inc. Director, TBG Diagnostics Ltd. Chairman, TBG Diagnostics Ltd. Chairman, Medigen Biotech Corp. Chairman, Winston Medical Supply Co., Ltd. Chairman, Winston Medical Supply Co., Ltd. Director, Medigen Cell Technology Co., Ltd. Chairman, Medigen Biotech (Beijing) Co. Ltd. Executive Director, Medigen Biotech (Xiamen) Co. Ltd. Director, TBG Diagnostics (Xiamen) Ltd. Chairman, Shiny Lily Co., Ltd. Director, MVC BioPharma Ltd. Director, TDL HOLDING CO.	- None	- None	- None	None
Director	Medigen Biotech Corp. Rep.: Ken-Hu Chang (Note 1)	Male	R.O.C.	2012.12.12	2018.6.5	3	45,511,640 -	33.21 -	45,847,811 1,400	21.58 0.001	- -	- -	- -	- -	- Graduated from School of Medicine, China Medical University Completed Administrative Leadership Research Course, NTU School of Professional Education and Continuing Studies Director of Division of Hematology & Oncology and Director of Division of Clinical Pathology, Taipei City Hospital Zhongxing Branch Director of Division of Hematology & Oncology and Director of Cancer Center Tungs' Taichung MetroHarbor Hospital Attending Physician of Division of Hematology & Oncology and Vice Director of Cancer Center, Shaung Ho Hospital, Ministry of Health and Welfare	- Attending Physician, Division of Hematology & Oncology, En Chu Kong Hospital	- None	- None	- None	None
Director	Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen	Male	R.O.C.	2012.12.12	2018.6.5	3	5,940,000 -	4.33 -	7,049,450 -	3.32 -	- -	- -	- -	- -	- Bachelor, Department of Psychology, National Taiwan University President, SBC Virbac Founder, Schweitzer Biotech Co., Ltd. Taiwan Rep. of Akzo Nobel N.V. for BOO Project for Influenza Vaccine Self-Manufacturing	- Distinguished Visiting Professor, Bioinnovation PSM, Temple University Chairman, Thermolysis Co., Ltd.	- None	- None	- None	None
Director	Wei-Jen Chen (Note 2)	Male	R.O.C.	2020.6.30	2020.6.30	3	6,075	0.003	6,698	0.003					Ph.D. in Management, Chang Jung Christian University President, Taiwan Pharmaceutical Manufacturer's Association Director, Chinese National Federation of Industries	Chairman, Syngen Biotech Co., Ltd. President, Jiangsu Standard Biotech Pharmaceutical Co., Ltd. Director, We can Medicines Co., Ltd. Consultant, Executive Yuan Honorary President, Taiwan Pharmaceutical Manufacturer's Association President, Taiwan Functional Food Industry Association President, Taiwan Biotechnology Industry Alliance Supervisor, Taiwan Drug Relief Foundation	None	None	None	None
Independent Director	Ming-Cheng Chang	Male	R.O.C.	2015.9.30	2018.6.5	3	-	-	-	-	-	-	-	-	Master, Industrial & Operations Engineering, University of Michigan Bachelor, Department of Mechanical Engineering, National Taiwan University Deloitte Touche Tohmatsu Limited	Independent Director, Ocean Alexander Independent Director, United Alloy-Tech. Company	None	None	None	None
Independent Director	Chia-Hsiu Lin	Male	R.O.C.	2015.9.30	2018.6.5	3	-	-	-	-	-	-	-	-	Master, Institute of Plant Biology, National Taiwan University	None	None	None	None	None

Position	Name	Gender	Nationality/Place of registration	Date first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remark (Note 3)
							Shares	%	Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
															President, Production Business Department, VIRBAC (TAIWAN) CO., LTD. Independent Director, Standard Chem & Pharm Co., Ltd. Chairman and President, Gaosheng Pharmaceutical Co., Ltd. Chief Operating Officer, Lytone Enterprise, Inc.					
Independent Director	Yao-Chi Li	Male	R.O.C.	2018.6.5	2018.6.5	3	-	-	-	-	-	-	-	-	Postdoctoral Researcher, Yale School of Medicine Ph.D. in Genetics, North Carolina State University Bachelor, Institute of Plant Biology, National Taiwan University Chair, Department of Life Science, National Tsing Hua University Chair, Institute of Biotechnology, National Tsing Hua University Dean, College of Biotechnology and Bioresources, Da-Yeh University	Founder and Director, Fortune Anti-aging Nutraceuticals, Co. Ltd. Consultant, Cross-strait Tsinghua Research Institute Technology Consultant, Yunnan Alphy Biotech Co., Ltd.	None	None	None	None

Note 1: Medigen Biotech Corp. re-designated Ken-Hu Chang, on June 30, 2020, in place of Chao-Chuan Ou, as its representative as the Company's institutional director.

Note 2: Due to internal business planning, CESCO Bioengineering, resigned as an institutional director on March 6, 2020. In order to implement corporate governance, and reinforce supervision, Wei-Jen Chen was by-elected on June 30, 2020, with office term from June 30, 2020 to June 4, 2021.

Note 3: The Company has no occurrence where the Chairman, President, or personnel with equivalent position (chief manager) are the same person, spouse, or relatives within one degree of kinship.

Table 1: Major Shareholders of Institutional Shareholders

May 1, 2021

Name of institutional shareholders	Major shareholders of institutional shareholders
Medigen Biotech Corp.	Everspring Industry Co., Ltd. (10.12%), Tzu-Liang Huang (4.58%), Daqing Construction Co., Ltd. (3.14%), A-Liang Zhuang-Huang (2.45%), WorldTrend Co., Ltd. (1.74%), Shih-Chung Chang (1.29%), JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds (1.06%), JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.93%), Chin-Hsia Hou (0.93%), Shang-Yi Tsai (0.82%).
Schweitzer Biotech Co., Ltd.	Hsu-Wen Chen (35.30%), Hsu-Chung Chen (24.12%), Mao-Lin Wu (15.20%), Kuo-Hui Chang (12.82%), Cheng-Ming Lu (12.56%).

Table 2: Major shareholders of the major shareholders in Table 1 that are institutional shareholders

May 1, 2021

Name of institutional shareholders	Major shareholders of institutional shareholders
Everspring Industry Co., Ltd.	Tzu-Ling Chang (15.16%), Tzu-Liang Huang (7.69%), Xuchai Investment Co., Ltd. (7.34%), Yung-Hua Kao (6.28%), Jinzhun International Investment Development Co., Ltd. (1.91%), Rongzhi Investment Co., Ltd. (1.36%), Chiu-Lan Li (1.29%), Xuchai Financial Adviser Co., Ltd. (0.92%), Li-Ching Li (0.92%), Te-Fu Lin (0.5%).
Daqing Construction Co., Ltd.	Qianqing Investment Co., Ltd. (29.41%), Gaoqing Investment Co., Ltd. (29.41%), Longqing Investment Co., Ltd. (29.41%), Lung-Chang Chuang (2.35%), Hsueh-Yung Liu (2.35%), Lung-Wen Chuang (2.35%), Shu-Hua Chuang-Chen (1.18%), Ming-Li Chuang (1.18%), Chin-Hsia Hou (1.18%), Po-Hui Chuang (0.59%), Tzu-Hui Chuang (0.59%).
WorldTrend Co., Ltd.	Everspring Industry Co., Ltd. (95.36%), Uniinn Technology Co., Ltd. (4.64%).
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	N/A
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	N/A

Information on the Directors and Supervisors

May 1, 2021

Criteria / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence criteria												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Medigen Biotech Corp. Rep.: Shih-Chung Chang	✓	✓	✓	✓	-	✓	✓	-	✓	-	-	✓	✓	✓	-	0
Medigen Biotech Corp. Rep.: Ken-Hu Chang (Note 1)	-	✓	✓	✓	✓	✓	✓	-	✓	✓	-	✓	✓	✓	-	0
Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen	-	-	✓	✓	-	✓	✓	✓	✓	-	✓	✓	✓	✓	-	0
Wei-Jen Chen (Note 2)	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ming-Cheng Chang	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chia-Hsiu Lin	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yao-Chi Li	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Medigen Biotech Corp. re-designated Ken-Hu Chang, on June 30, 2020, in place of Chao-Chuan Ou, as its representative as the Company's institutional director.

Note 2: Due to internal business planning, CESCO Bioengineering, resigned as an institutional director on March 6, 2020. In order to implement corporate governance, and reinforce supervision, Wei-Jen Chen was by-elected on June 30, 2020, with office term from June 30, 2020 to June 4, 2021.

Note 3: Please check "V" in the corresponding boxes if the directors meet the following criteria during the two years

prior to the nomination, and during the term of office.✓

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

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

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

(6) Not a director, supervisor, or employee of a company controlled by the same person who holds more than half of the seats of the board or voting rights (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position as at the Company (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Company Act or the laws and regulations of the local country, where the Company or its parent or subsidiary or a subsidiary of the same parent are located).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration not more than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not a spouse or a relative within the second degree of kinship to any other director of the Company

(11) Not under any of the categories stated in Article 30 of the Company Act.

(12) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

(II) Information regarding president, vice presidents, assistant vice president, and the supervisors of all the company's divisions and branch units

May 1, 2021

Position	Name	Gender	Nationality	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
President	Tsan-Chien Chen	Male	R.O.C.	2016.11.17	-	-	-	-	-	-	Bachelor, Department of Psychology, National Taiwan University President, SBC Virbac Founder and President, Schweitzer Biotech Co., Ltd. Taiwan Rep. of Akzo Nobel N.V. for BOO Project for Influenza Vaccine Self-Manufacturing	Distinguished Visiting Professor, Bioinnovation PSM, Temple University Chairman, Thermolysis Co., Ltd.	None	None	None	None
Chief Technology Officer	Yi-Hsu Huang (Note 1)	Male	R.O.C.	2015.04.01	-	-	-	-	-	-	-	-	-	-	-	-

Position	Name	Gender	Nationality	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
Factory Manager	Wei-Cheng Lien	Male	R.O.C.	2020.01.02	59,104	0.03	-	-	-	-	Ph.D., School of Veterinary Medicine, National Taiwan University Director and CEO, Quality Office, Bioproduction Plants, National Institution of Infectious Diseases and Vaccinology, National Health Research Institutes Director, Manufacturing Sector, Vaccine Center, Taiwan Centers for Disease Control	-	None	None	None	None
Executive Vice President of Operating Business Division	Ssu-Hsien Li	Male	R.O.C.	2018.11.05	256,000	0.12	-	-	-	-	Master, Department and Graduate Institute of Pharmacology, National Taiwan University Taiwan and HK region President, Vaccine Department, Sanofi Co., Ltd. Director, Governmental Affairs Department and Eli Lilly and Company (Taiwan), Inc.	-	None	None	None	None

Position	Name	Gender	Nationality	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
Director of Regulatory Affairs Department	Tsai-Hua Hung	Female	R.O.C.	2019.07.01	-	-	-	-	-	-	Master, Therapy & Medication Management, The University of Utah Vice President, Research & Development Center, TSH Biopharm Co., Ltd. Director, Public Affairs Department and Law Compliance Department, Sanofi Co., Ltd. Associate Technical Specialist, Taiwan Food and Drug Administration	-	None	None	None	None
Assistant Vice President of Facility Management Department	Hsin-Fa Kao	Male	R.O.C.	2013.04.01	190,000	0.09	-	-	-	-	EMBA, College of Management, National Sun Yat-sen University Plant Construction Advisor, Jiangsu Yada Biotech Pharmaceutical Co., Ltd. Special Assistant of President, Microbio Co., Ltd. Vice President, Syngen Biotech Co., Ltd.	-	None	None	None	None

Position	Name	Gender	Nationality	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Major experience (education)	Other positions concurrently held at the Company and other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
Assistant Vice President of Administration Department	Yu-Ping Yang	Female	R.O.C.	2014.08.15	394,500	0.19	-	-	-	-	Master, Dept. of Business Administration, National Taipei University Assistant Vice President, Deloitte Touche Tohmatsu Limited Manager, Financial & Administrative Department, Eon Silicon Solution Inc.	-	None	None	None	None

Note 1: Yi-Hsu Huang stepped down on May 1, 2021 upon retirement.

Note 2: The Company has no occurrence where the Chairman, President, or personnel with equivalent position (chief manager) are the same person, spouse, or relatives within one degree of kinship.

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

(I) 2020 Transportation allowance and remuneration paid to Directors and Independent Directors

1. Remuneration of Directors (including Independent Directors)

Dec. 31, 2020; Unit: NT$ thousands

Position	Name	Remuneration of Directors								Ratio of total amount of A, B, C and D to after-tax net income (%)		Relevant remuneration received by Directors who are also employees								Ratio of total amount of A, B, C, D, E, F and G to after-tax net income (%)		Remuneration from invested companies other than subsidiaries or the parent company
		Base compensation (A)		Severance pay and pension (B)		Bonus of Directors (C)		Business execution expenses (D)				Salary, bonus, and allowance (E)		Severance pay and pension (F)		Employee compensation (G)						
		The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company		All companies in the consolidated financial report		The Company	All companies in the consolidated financial report	
																Cash	Stock	Cash	Stock			
Chairman	Medigen Biotech Corp. Rep.: Shih-Chung Chang	1,870	1,870	-	-	-	-	-	-	(0.28%)	(0.28%)	-	-	-	-	-	-	-	-	(0.28%)	(0.28%)	None
Director	Medigen Biotech Corp. Rep.: Chao-Chuan Ou (Note 2)	1,200	1,200	-	-	-	-	-	-	(0.18%)	(0.18%)	-	-	-	-	-	-	-	-	(0.18%)	(0.18%)	None
Director	Medigen Biotech Corp. Rep.: Ken-Hu Chang (Note 2)	-	-	-	-	-	-	26	26	(0.00%)	(0.00%)	-	-	-	-	-	-	-	-	(0.00%)	(0.00%)	None
Vice Chairman	Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen	-	-	-	-	-	-	892 (Note 1)	892 (Note 1)	(0.13%)	(0.13%)	1,462	1,462	-	-	-	-	-	-	(0.35%)	(0.35%)	None
Director	Wei-Jen Chen (Note 2)	-	-	-	-	-	-	26	26	(0.00%)	(0.00%)	-	-	-	-	-	-	-	-	(0.00%)	(0.00%)	None
Independent Director	Ming-Cheng Chang	240	240	-	-	-	-	80	80	(0.05%)	(0.05%)	-	-	-	-	-	-	-	-	(0.05%)	(0.05%)	None
Independent Director	Chia-Hsiu Lin	240	240	-	-	-	-	80	80	(0.05%)	(0.05%)	-	-	-	-	-	-	-	-	(0.05%)	(0.05%)	None
Independent Director	Yao-Chi Li	240	240	-	-	-	-	80	80	(0.05%)	(0.05%)	-	-	-	-	-	-	-	-	(0.05%)	(0.05%)	None

Note 1: Company car dispatch expenses.

Note 2: Medigen Biotech Corp. re-designated Ken-Hu Chang, on June 30, 2020, in place of Chao-Chuan Ou, as its representative as the Company’s institutional director.
Due to internal business planning, CESCO Bioengineering, resigned as an institutional director on March 6, 2020. In order to implement corporate governance, and reinforce supervision, Wei-Jen Chen was by-elected on June 30, 2020, with office term from June 30, 2020 to June 4, 2021.

Note 3: 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 shall be distributed reasonably in accordance with the overall business performance of the Company, taking into account the involvement in and contribution to the Company’s operation.

Note 4: 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.

Range of Remuneration of Directors (including Independent Directors)

Range of remuneration paid to directors	Name of Director			
	The total of A+B+C+D		The total of A+B+C+D+E+F+G	
	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report
Less than NT$1,000,000	Medigen Biotech Corp. Rep.: Ken-Hu Chang Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen Wei-Jen Chen Ming-Cheng Chang Chia-Hsiu Lin Yao-Chi Li	Medigen Biotech Corp. Rep.: Ken-Hu Chang Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen Wei-Jen Chen Ming-Cheng Chang Chia-Hsiu Lin Yao-Chi Li	Medigen Biotech Corp. Rep.: Ken-Hu Chang Wei-Jen Chen Ming-Cheng Chang Chia-Hsiu Lin Yao-Chi Li	Medigen Biotech Corp. Rep.: Ken-Hu Chang Wei-Jen Chen Ming-Cheng Chang Chia-Hsiu Lin Yao-Chi Li
NT$ 1,000,000 (Incl.) ~ NT$ 2,000,000 (Excl.)	Medigen Biotech Corp. Rep.: Shih-Chung Chang Medigen Biotech Corp. Rep.: Chao-Chuan Ou	Medigen Biotech Corp. Rep.: Shih-Chung Chang Medigen Biotech Corp. Rep.: Chao-Chuan Ou	Medigen Biotech Corp. Rep.: Shih-Chung Chang Medigen Biotech Corp. Rep.: Chao-Chuan Ou	Medigen Biotech Corp. Rep.: Shih-Chung Chang Medigen Biotech Corp. Rep.: Chao-Chuan Ou
NT$ 2,000,000 (Incl.) ~ NT$ 3,500,000 (Excl.)	-	-	Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen	Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen
NT$ 3,500,000 (Incl.) ~ NT$ 5,000,000 (Excl.)	-	-	-	-
NT$ 5,000,000 (Incl.) ~ NT$ 10,000,000 (Excl.)	-	-	-	-
NT$ 10,000,000 (Incl.) ~ NT$ 15,000,000 (Excl.)	-	-	-	-
NT$ 15,000,000 (Incl.) ~ NT$ 30,000,000 (Excl.)	-	-	-	-
NT$ 30,000,000 (Incl.) ~ NT$ 50,000,000 (Excl.)	-	-	-	-
NT$ 50,000,000 (Incl.) ~ NT$ 100,000,000 (Excl.)	-	-	-	-
More than NT$ 100,000,000	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

Note: Medigen Biotech Corp. re-designated Ken-Hu Chang, on June 30, 2020, in place of Chao-Chuan Ou, as its representative as the Company's institutional director.

2. Remuneration of Supervisors: N/A

(II) 2020 Remuneration paid to President and Vice Presidents

1. Remuneration paid to President and Vice Presidents

Dec. 31, 2020; Unit: NT$ thousands

Position	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowance (C)		Employee compensation (D)				Ratio of total amount of A, B, C and D to after-tax net income (%)		Remuneration from invested companies other than subsidiaries or the parent company
		The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company (Note)	All companies in the consolidated financial report	The Company		All companies in the consolidated financial report		The Company	All companies in the consolidated financial report	
								Cash	Stock	Cash	Stock			
President	Tsan-Chien Chen	5,626	5,626	144	144	5,054	5,054	-	-	-	-	(1.60)	(1.60)	None
Chief Technology Officer	Yi-Hsu Huang (Note 1)													
Executive Vice President	Ssu-Hsien Li													

Note 1: Yi-Hsu Huang stepped down on May 1, 2021 upon retirement.

Note 2: Employee stock options granted and issuance of shares for cash capital increase.

Range of remuneration of President and Vice Presidents

Range of remuneration paid to President Vice Presidents	Names of President and Vice Presidents	
	The Company	All companies in the consolidated financial report
Less than NT$1,000,000	Yi-Hsu Huang	Yi-Hsu Huang
NT$ 1,000,000 (Incl.) ~ NT$ 2,000,000 (Excl.)	Tsan-Chien Chen	Tsan-Chien Chen
NT$ 2,000,000 (Incl.) ~ NT$ 3,500,000 (Excl.)	-	-
NT$ 3,500,000 (Incl.) ~ NT$ 5,000,000 (Excl.)	-	-
NT$ 5,000,000 (Incl.) ~ NT$ 10,000,000 (Excl.)	Ssu-Hsien Li	Ssu-Hsien Li
NT$ 10,000,000 (Incl.) ~ NT$ 15,000,000 (Excl.)	-	-
NT$ 15,000,000 (Incl.) ~ NT$ 30,000,000 (Excl.)	-	-
NT$ 30,000,000 (Incl.) ~ NT$ 50,000,000 (Excl.)	-	-
NT$ 50,000,000 (Incl.) ~ NT$ 100,000,000 (Excl.)	-	-
More than NT$ 100,000,000	-	-
Total	3 persons	3 persons

2. Remuneration for the top 5 executives

Dec. 31, 2020; Unit: NT$ thousands

Position	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowance (C)		Employee compensation (D)				Ratio of total amount of A, B, C and D to after-tax net income (%)		Remuneration from invested companies other than subsidiaries or the parent company
		The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company (Note 2)	All companies in the consolidated financial report	The Company		All companies in the consolidated financial report		The Company	All companies in the consolidated financial report	
								Cash	Stock	Cash	Stock			
Executive Vice President	Ssu-Hsien Li	5,023	5,023	108	108	3,592	3,592	-	-	-	-	(1.29)	(1.29)	None
Director of Regulatory Affairs Department	Tsai-Hua Hung	3,190	3,190	108	108	264	264	-	-	-	-	(0.53)	(0.53)	None
Factory Manager	Wei-Cheng Lien	2,707	2,707	108	108	293	293	-	-	-	-	(0.46)	(0.46)	None
Assistant Vice President	Hsin-Fa Kao	3,576	3,576	108	108	265	265	-	-	-	-	(0.59)	(0.59)	None
Assistant Vice President	Yu-Ping Yang	2,395	2,395	108	108	897	897	-	-	-	-	(0.50)	(0.50)	None

Note: Employee stock options granted and issuance of shares for cash capital increase.

3. Employee bonus amount paid to managerial officers: The Company is operating at a loss, and thus no employee remuneration is distributed.

(III) 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 years to Directors, Supervisors, the President, and Vice Presidents, with analysis and description of remuneration policies, standards, packages, and procedures for determining remuneration, and link:

1. Remuneration paid by the Company and all entities in the consolidated financial report during the most recent two years to Directors, Supervisors, President, and Vice Presidents as a percentage of net income:

Position	Ratio of total 2020 remuneration to net loss (%)		Ratio of total 2019 remuneration to net loss (%)	
	The Company	Entities in the consolidated financial report	The Company	Entities in the consolidated financial report
Director	0.96	0.96	1.21	1.21
Supervisor	-	-	-	-
President and Vice Presidents	1.38	1.38	1.44	1.44

2. The policies, standards, packages, and procedures for determining remuneration, and the correlation with risks and business performance:

The remuneration of the Company's Directors, Supervisors, President, and Vice Presidents is distributed reasonably in accordance with the overall business performance of the Company, taking into account the involvement in and contribution to the Company's operation. Thus, there exists no significant risk. Earnings distribution is determined in accordance with the Articles of Incorporation and upon the resolution of shareholders' meeting.

If the Company has earnings, it shall set aside no less than 1% of the balance as remuneration to the employees and no more than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the loss before remuneration distribution.

The Company's dividends are distributed in form of cash or stocks (incl. stock dividends from earnings and additional paid-in capital). The earnings distribution proposal is proposed by the Board of Directors based on the operating performance, capital needs, and the earnings level of the year (less statutory deductions), and the earnings are distributed upon approval by the shareholders' meetings. Cash dividends shall account for more than 50% of the total dividends distributed. However, in circumstances of major capital expenditure plans, dividends may be distributed in the form of stock only upon the approval of shareholders' meetings.

IV. Implementation of Corporate Governance

(I) Operation of the Board meetings:

There were 13 (A) meetings held in the most recent fiscal year. The attendance of the Directors is as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Remarks
Chairman	Medigen Biotech Corp. Rep.: Shih-Chung Chang	12	1	92%	
Director	Medigen Biotech Corp. Rep.: Chao-Chuan Ou	0	4	0%	Jun. 30, 2020 Institutional director: Medigen Biotech Corp. re-designated Rep.: Ken-Hu Chang
Director	Medigen Biotech Corp. Rep.: Ken-Hu Chang	9	0	100%	Jun. 30, 2020 Institutional director: Medigen Biotech Corp. re-designated Rep.: Ken-Hu Chang
Vice Chairman	Schweitzer Biotech Co., Ltd. Rep.: Tsan-Chien Chen	13	0	100%	
Director	Wei-Jen Chen	9	0	100%	New Director through by-election on Jun. 30, 2020
Independent Director	Ming-Cheng Chang	13	0	100%	
Independent Director	Chia-Hsiu Lin	13	0	100%	
Independent Director	Yao-Chi Li	13	0	100%	

Note: Due to internal business planning, CESCO Bioengineering, resigned as an institutional director on March 6, 2020. In order to implement corporate governance, and reinforce supervision, Wei-Jen Chen was by-elected on June 30, 2020, with office term from June 30, 2020 to June 4, 2021.

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 stated in Article 14-3 of the Securities and Exchange Act

Date	Session	Contents of motions	All independent directors' opinions	The Company's response
2020/04/09	12th meeting of the 3rd Board	Proposal for a cash offering by private placement.	Agree	Approved as proposed
2020/06/30	15th meeting of the 3rd Board	Proposal for 2020 increase of capital by cash through issuance of new shares.	Agree	Approved as proposed
2020/08/07	16th meeting of the 3rd Board	Proposal for adjustments to the remuneration of the Company's Director.	Agree	Approved as proposed
2020/12/16	18th meeting of the 3rd Board	Proposal for sales of the cell processing center to Taiwan Bio Therapeutics Co., Ltd., and participation in the capital increase of	Agree	Approved as proposed

		Taiwan Bio Therapeutics Co., Ltd.		
2021/03/05	20th meeting of the 3rd Board	Proposal for change of CPAs due to internal job rotation of the accounting firm. Proposal for the 2021 employee stock options and the stock subscription regulations	Agree	Approved as proposed

(II) Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: No such occurrences.

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 the voting shall be specified:

Name of Director	Contents of motions	Reason for recusal	Participation in voting	Resolutions
Tsan-Chien Chen	proposal for determining the base date for capital increase of employee stock options.	Personal interest in this matter	The director recused himself from voting in accordance with the law.	Approved by the unanimous decision of the directors present
Shih-Chung Chang Ken-Hu Chang Wei-Jen Chen	Proposal for adjustments to the remuneration of the Company's Director.	Personal interest in this matter	The director recused himself from voting in accordance with the law.	Approved by the unanimous decision of the directors present

III. TWSE/TPEx listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method, and contents:

Frequency	Period	Scope	Method	Content
Once a year	202001~202012	Board performance evaluation	Self-evaluation by the Board	The evaluation includes participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
Once a year	202001~202012	Board member performance evaluation	Self-evaluation by the Board members	The evaluation includes alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
Once a year	202001~202012	Functional committee performance evaluation	Self-evaluation by the functional committee	The evaluation includes participation in the operation of the Company, awareness of the duties of the functional committee, improvement in the quality of decisions made by the functional committee, composition of the functional committee and election of the members, and internal control.

IV. Measures undertaken during the current year and the most recent 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) The operation, functions, and powers of the Board are exercised in accordance with the "Articles of Incorporation" and "Rules of Procedure for Board of Directors Meetings."

(II) The attendance of Directors and Supervisors, continuing education, operation of the functional committees, material information, and other announcements required by law are disclosed on the MOPS.

(III) The Independent Directors have a good attendance rate and give good suggestions to matters regarding internal control, business, and finance to the Board with their industry knowledge, accounting, and financial analysis ability.

(IV) The Company's financial statements are audited and certified by PwC on a regular basis. All information required to be disclosed by the regulations and laws was disclosed correctly on time. In addition, the Company appointed specialists to be responsible for the collection and disclosure of the Company's information and established the spokesperson system to ensure that all significant information can be disclosed properly and timely. The Company's website can link to the website of MOPS so that shareholders and stakeholders can refer to the website to understand relevant information about the Company's financial business.

(II) Operation of Audit Committee or attendance of supervisors at Board Meetings

1. Operation of the Audit Committee meetings: There were 7 (A) meetings held in the most recent year. The attendance of the Independent Directors is as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Remarks
Independent Director	Ming-Cheng Chang	7	0	100%	
Independent Director	Chia-Hsiu Lin	7	0	100%	
Independent Director	Yao-Chi Li	7	0	100%	

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 the Company's handling of such resolutions shall be specified:

(I) Matters stated in Article 14-5 of the Securities and Exchange Act:

Date	Session	Contents of motions	Audit committee's resolution	The Company's response to audit committee's opinions
2020/3/11	11th meeting of the 3rd Committee	The Company's 2019 business report and financial statements	Agree	Approved as proposed
2020/4/09	12th meeting of the 3rd Board	Proposal for a cash offering by private placement.	Agree	Approved as proposed
2020/6/30	15th meeting of the 3rd Board	Proposal for 2020 increase of capital by cash through issuance of new shares.	Agree	Approved as proposed
2020/12/16	18th meeting of the 3rd Board	Proposal for sales of the cell processing center to Taiwan Bio Therapeutics Co., Ltd., and participation in the capital increase of Taiwan Bio	Agree	Approved as proposed

		Therapeutics Co., Ltd.		
2021/3/5	20th meeting of the 3rd Board	The Company's 2020 business report and financial statements. Proposal for change of CPAs due to internal job rotation of the accounting firm. Proposal for the 2021 employee stock options and the stock subscription regulations.	Agree	Approved as proposed

(II) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: No such occurrences.

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

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of the audit of finances and operations)

(I) Communication with chief internal auditors:

1. In accordance with the regulations of the competent authority, the chief auditors shall carry out the audit tasks every month, and report the implementation status of the internal audit to the Audit Committee every quarter. The Audit Committee members did not voice any objection, and the Independent Directors provide professional suggestions and instructions to the content of the audit report.
2. Chief internal auditors are present at all audit committee meetings which are held at least 4 times a year and discuss and exchange opinions with independent directors regarding the Company's operation, and implementation status, and effectiveness of internal control.

(II) Communication with CPAs: The committee communicates with CPAs at least once a year regarding the financial statements, implementation of corporate governance, and latest financial and taxation information.

2. Operation of the Supervisors: None.

(III) Implementation status of corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation Item	Implementation Status			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?	✓		The Company has formulated the "Corporate Governance Best-Practice Principles" and disclosed it on the Company's website.	No significant difference
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigation?	✓		(I) During a shareholders' meeting, participating shareholders will be given an appropriate amount of time for discussion. The Company will accept and work on incontrovertible and feasible recommendations. However, controvertible suggestions will be voted upon in accordance with meeting regulations. The Company has appointed a Spokesperson, Acting Spokesperson, and shareholder service personnel to resolve related issues. The Company will formulate internal operating procedures based on needs and the actual situation.	(I) No significant difference
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company pays attention to the changes in equity and pledged shares of shareholders holding more than 10% of the shares, Directors, and Supervisors at any time, and uploads the information every month to the information disclosure website specified by the FSC for public disclosure.	(II) No significant difference
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	✓		(III) The asset management and financial management between the Company and its affiliates are clearly defined and handled in accordance with the "Procedures for Management of Group Enterprises, Specific Companies and Related Party Transactions," in order to reduce risks.	(III) No significant difference
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	✓		(IV) The Company has formulated the "Procedures for Handling Material Inside Information and Preventing Insider Trading."	(IV) No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversity guideline for the composition of its members?	✓		(I) Three seats of Independent Directors are elected based on the Board's diversity guideline, to diversify the composition of its board members.	(I) No significant difference
(II) Does the Company voluntarily establish other functional committees in addition to the legally required Remuneration Committee and Audit Committee?		✓	(II) The Company has set up a Remuneration Committee on June 22, 2015, formulated the "Charter of Remuneration Committee of MVC", and review the remuneration to Directors, Supervisors, and managerial officers accordingly. In the future, the Company will set up other functional committees based on the Company's operating development.	(II) No significant difference
(III) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?		✓	(III) The Company's Remuneration Committee's organizational rules clearly define the responsibilities of the Remuneration Committee. The Remuneration Committee establishes the relevant policies and regularly evaluates the performance of the Board of Directors.	(III) No significant difference
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Board evaluates the CPAs on a regular basis and changes the CPAs accordingly to ensure their independence.	(IV) No significant 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)?	✓		The Company has set up a chief governance officer to handle corporate governance-related matters.	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
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 social responsibility issues in a proper manner?	✓		The Company provides sufficient information for financial institutions and creditors and has established a means of communication with employees; in addition, information on the acquisition or disposal of assets and endorsements/guarantees is disclosed on the MOPS to maintain the rights and interests of stakeholders. Furthermore, the Company has set up communication channels including a Spokesperson and Acting Spokespersons to ensure their rights and benefits. The Company has contact information disclosed on the Company's website.	No significant difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed SinoPac Securities, Stock Registration Division to process affairs related to deal with shareholder affairs.	No significant difference
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	✓		(I) The Company discloses material information on the Company's website and discloses financial information and material information on the MOPS.	(I) No significant difference
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	✓		(II) The Company appoints a person who is familiar with various financial and business matters and is able to coordinate resources of various departments to serve as the Spokesperson, to represent the Company externally, in order to ensure timely disclosure of information that may influence the decision making of the shareholders and stakeholders. In the future, when the Company holds institutional investor conferences, relevant documents will also be uploaded to the MOPS for the inquiry of investors.	(II) No significant difference
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	✓		(III) The Company publicly announces and files the annual financial reports within three months after the close of the given fiscal year, which is compliant with the laws and regulations. Also, the Company publicly announces and files the first, second, and third quarterly financial reports and the operation of each month before the required deadline.	(III) No significant difference
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	✓		(I) Employee rights: The Company has always treated employees honorably and provides protection of their legal rights in accordance with the Labor Standards Act.	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?			(II) Employee care: The Company establishes good relationships with employees through employee welfare measures, and education and training. (III) Investor relations: The Company discloses financial and business information, and material information on the MOPS in accordance with the laws and regulations, for the investors' inquiry. The Company also handles inquiries from the investors appropriately and maintains a good relationship with the investors. (IV) Supplier relations: The Company fulfills its corresponding contractual rights and obligations to the suppliers to ensure that matters including the delivery dates, prices, and quality are in line with the contracts so that there is good communication with the suppliers. (V) Rights of stakeholders: Disclosure of information, such as financial operations and material information, on the Market Observation Post System for stakeholders' understanding. (VI) Training of Directors and Supervisors: All Directors and Supervisors of the Company have practical experiences in their professional fields, and participate in relevant continuing training courses. (VII) Risk management policy and implementation of risk measurement: The Company has set up the appropriate policy, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regard to relevant standards and internal control systems. (VII) Implementation of customer policies: The Company is currently under the R&D stage, and its products are not yet launched in the market. (IX) Purchase of liability insurance for the Directors and Supervisors by the Company: The Company has purchased liability insurance for the Directors and other important personnel in accordance with the Articles of Incorporation, and has reported such matter to the Board Meetings.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
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. (Companies not listed for evaluation do not need to fill in this section): Improved: The Company has disclosed the work highlights and operation status of the Audit Committee on its annual report and disclosed information regarding financial and business matters, employee welfare, and corporate governance on the Company's website. Prioritized matters and measures: The Company uploads the English version of Shareholders' Meeting Handbook, Annual Report, and Financial Reports.				

(IV) Composition, functions, and operations of the Remuneration Committee, if any:

The Company has set up a Remuneration Committee on June 22, 2015, formulated the "Charter of Remuneration Committee." The responsibility of the Remuneration Committee is to set and regularly review the performance of Directors, Supervisors, and managerial officers, and the remuneration policies, systems, standards, structure, and the level of remuneration to be distributed. The Remuneration Committee shall also propose suggestions to the Board to serve as references for decision making of Directors, to ensure a smooth operation.

1. Information on the remuneration committee members

Title	Criteria / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence criteria (Note)										Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ming-Cheng Chang		V	V	V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Chia-Hsiu Lin			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Yao-Chi Li	V		V	V	V	V	V	V	V	V	V	V	V	0	

Note: Please check "V" in the corresponding boxes if the members meet the following criteria during the two years prior to the nomination, and during the term of office.✓

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.

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

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5%or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by,

and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor, or employee of a company controlled by the same person who holds more than half of the seats of the board or voting rights (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not under any of the categories stated in Article 30 of the Company Act.

2. Operational status of the Remuneration Committee

(1) There are a total of 3 members in the Remuneration Committee.

(2) The office term of the current Committee: From June 5, 2018 to June 4, 2021. The Remuneration Committee held 4 meetings (A) in the most recent fiscal year. The qualification and attendance of the committee members are as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Remarks
Convener	Chia-Hsiu Lin	4	0	100%	
Committee member	Ming-Cheng Chang	4	0	100%	
Committee member	Yao-Chi Li	4	0	100%	

Other matters to be recorded:

I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions, and the response to members' opinion shall be specified: None.

Date	Session	Contents of motions	Remuneration committee's resolution	The Company's response to remuneration committee's opinions.
2020/3/11	5th meeting of the 3rd Committee	Ratification of the 2020 remuneration of Directors and managers, and 2019 year-end bonus.	Approved by the unanimous decision of the committee members present	Approved by the unanimous decision of the directors present
2020/8/7	6th meeting of the 3rd Committee	Proposal for the appropriation rate of the remuneration of employees in the coming three years. Proposal for adjustments to the remuneration of the Company's Director.	Approved by the unanimous decision of the committee members present	Approved by the unanimous decision of the directors present
2021/2/2	7th meeting of the 3rd Committee	Review of the 2021 remuneration of managers, and 2020 year-end bonus.	Approved by the unanimous decision of the committee members present	Approved by the unanimous decision of the directors present
2021/3/23	8th meeting of the 3rd Committee	Evaluation of the granting of 2021 employee share option to the managers of the Company.	Approved by the unanimous decision of the committee members present	Approved by the unanimous decision of the directors present

Note:

(1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and the actual number of meetings he/she attended, during his/her term of office.

(2) If a Remuneration Committee member is re-elected before the end of the accounting year, the names of current and previous members shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and the actual number of meetings he/she attended, during his/her term of office.

(V) Implementation status of corporate social responsibility and deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		I. To establish a sound corporate social responsibility management, the Company formulates relevant risk management policies or strategies related to the Company's operations in accordance with the principle of materiality, including the following issues. 1. Environmental issues: The Company has formulated the "Workplace Regulations" to stipulate the energy conservation and carbon reduction policies, promote environmental protection-related matters, and work with our employees. 2. Social issues: The Company has formulated and implemented reasonable employee welfare measures in line with the Company's objectives and HR development. The Company has also formulated the "Human Resources Management Regulations" which defines a clear and effective reward and punishment system with the aim of nurturing professional and technical talents and encouraging knowledge sharing and exchange among employees, to enhance their academic and technical skills to achieve the required tasks. 3. Corporate governance issues The Company has established and disclosed its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. Board evaluation is carried out every year and is disclosed accordingly.	No significant difference
II. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in	✓		The Company's management continuously promotes the business philosophy and corporate social responsibility reports to the Board of Directors based on actual needs.	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
charge of proposing the corporate social responsibility policies and reporting to the board?				
III. Environmental issues				
(I) Has the company set an environmental management system designed for industry characteristics?	✓		(I) The Company clears and recycles industrial wastes in accordance with its industrial waste clearance plan, and handles public matters in compliance with the environmental regulations provided by the competent authority.	(I) No significant difference
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	✓		(II) Waste recycling, and reduction of paper use	(II) No significant difference
(III) Does the Company evaluate the current and future potential risks and opportunities of climate change, and adopt countermeasures related to climate issues?	✓		(III) The Company takes a proactive approach toward matters regarding energy conservation and reduction of greenhouse gases and undertakes temperature control of air conditioners to effectively utilize energy to achieve the goal of energy conservation and carbon reduction.	(III) No significant difference
(IV) Does the company collect data for greenhouse gas emissions, water usage, and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	✓		(IV) The Company has formulated the "Workplace Regulations" to stipulate the energy conservation and carbon reduction policies. The regulations require that energy-saving light fixtures be installed, employees turn off the light when leaving the offices, the Company carries out air pollution, water pollution, environmental pollution, and noise level monitoring at least 1-2 times a year according to regulations, and the Company appoints qualified recycling institute for waste clearance and reuse.	(IV) No significant difference
IV. Social issues				
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company abides by relevant labor laws and regulations to protect the employees' rights and benefits. The Company adopts a non-discrimination employment policy and establishes pension funds. The Company has also established the Employee Welfare Committee, consisting of members elected among the employees to handle matters related to employee welfare.	(I) No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	✓		(II) The Company provides various employee benefits. Besides the statutory welfare, including labor insurance, national health insurance, pension funds, and maternity leave, the Company also provides various employee welfare measures to promote labor-management harmony.	(II) No significant difference
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		(III) The Company provides a fine working environment, carries out employee health examinations, and purchases group insurance for all employees. 1. The Company has stationed security guards at all office sites to ensure the safety of the workplace. 2. Workplace health: The Company sanitizes the work environment on a yearly basis to ensure the cleanliness of the workplace. 3. The Company installs all required fire equipment and carries out annual fire safety inspections required by the government.	(III) No significant difference
(IV) Does the company establish effective career development and training plans for its employees?	✓		(IV) In order to improve the quality, professionalism, and work efficiency of the employees, the employees may participate in various professional skill and academic training based on their functions and business needs after receiving approval from supervisors, in order to improve their professional skills.	(IV) No significant difference
(V) Does the company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling, and set policies to protect consumers' rights and consumer appeal procedures?	✓		(V) The Company attaches extreme importance to the protection of its trademark and its corporate image. It also works with professional law firms for relevant consultancy, complies with regulations, and adopts necessary measures.	(V) No significant difference
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety, and health or labor human rights?	✓		(VI) The Company carries out assessments on the new suppliers and will strengthen the investigation on whether the suppliers have past records of negative impacts on the environment and society.	(VI) No significant difference
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as CSR reports to	✓		The Company does not prepare its CSR reports but realizes its corporate social responsibility based on the social	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?			responsibility regulations. In the future, the Company will prepare its CSR report based on the business development.	
VI. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TEPx Listed Companies, please describe the implementation and any deviations from the Principles: There is no significant difference. The Company operates based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TEPx Listed Companies."				
VII. Other important information to facilitate a better understanding of corporate social responsibility practices: The Company recognizes the impact of companies on social responsibilities and works hard in its business operations to provide employees with a stable and high-quality work environment and maximize benefits for shareholders and related stakeholders. In the future, in addition to professional training for our employees, we shall actively demonstrate our commitment to corporate social responsibilities and strengthen the Company's core values.				

(VI) Implementation status of ethical business practices and deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/TEPx Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			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				
(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(I) The Company has established its "Principles of Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" to stipulate that all employees shall uphold the ethical corporate management policies and comply with the laws and regulations when handling the Company's businesses. The Board and the management also uphold the principle of integrity and actively implement relevant policies.	(I) No significant difference
(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/TEPx Listed Companies"?	✓		(II) The Company has established its Principles of Ethical Corporate Management for implementation. The Company strictly prohibits Directors, managerial officers, employees, and substantial controllers of the Company from directly or indirectly offering, promising to offer, requesting, or accepting any form of inappropriate benefits in the Company's operations and business or providing illegal political donations.	(II) No significant difference
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		(III) The Company has established its "Principles of Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" to regulate the employees, and impose punishments for violations.	(III) No significant difference
II. Fulfillment of ethical corporate management				
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) For potential suppliers, the Company evaluates their legality and ascertains whether they have a record of involvement in unethical conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes.	(I) No significant difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	✓		(II) The Company has established a full-time (or part-time) unit directly under the Board for promoting the ethical corporate management of the Company, and the unit distributes responsibilities and duties to all departments. All personnel of the Company is committed to fulfilling their corporate responsibilities.	(II) No significant difference
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Directors maintain a high degree of self-discipline. They may not participate in the discussion or voting and shall recuse themselves from the discussion or vote if the motion has interests in the Directors themselves or the legal representatives they represent, where there is a likelihood that the interests of the Company would be prejudiced.	(III) No significant difference
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessments of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	✓		(IV) The Company has established and put into practice an effective internal control system, related management regulations, and accounting system. The Company has also set up an internal audit unit to regularly audit the compliance of all departments with related rules and regulations. The Company then prepares audit reports and submits them to the Board of Directors.	(IV) No significant difference
(V) Does the company regularly hold internal and external training on ethical corporate management?	✓		(V) The Company educates all employees on the corporate ideals of ethical corporate management in training for new employees and courses on regulations.	(V) No significant difference
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		(I) The Company has set up a suggestion mailbox, to receive reports and suggestions from employees. In cases of violation of regulations regarding ethical conducts, the Company imposes corresponding punishments.	(I) No significant difference
(II) Has the company established standard operating procedures and confidentiality measures for the investigation of reported incidents?	✓		(II) Relevant rules are set forth in the Principles of Ethical Corporate Management, and such matters shall be kept in confidentiality.	(II) No significant difference
(III) Does the company provide protection for whistle-blowers against receiving improper treatment?	✓		(III) The Company appoints designated personnel to handle reports regarding illegal and unethical conducts submitted	(III) No significant difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			by employees, shareholders, and stakeholders. The identity of informers and the content of the reports are required to be kept in confidentiality.	
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?	✓		The Company has formulated the "Principles of Ethical Corporate Management" and disclosed it on the Company's website.	No significant difference
V. If the Company has established ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: None				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management: (e.g., review of and amendments to ethical corporate management policies) The Company adheres to the Company Act, the Securities and Exchange Act, and relevant regulations in relation to the TWSE/TPEx listed companies and other related business law, and regulations, as the foundation for ethical corporate management. The Board of Directors shall exercise the due care of a good administrator in supervising the Company's prevention of unethical conducts. The Audit Office is responsible for the formulation, supervision, and implementation of the ethical management policy and unethical conduct prevention plans. Also, it is responsible to review the relevant standards of integrity operation at all times. If any violation is found, the Audit Office will report such matters to the Board of Directors.				

(VII) Please disclose the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

The Company has formulated the Corporate Governance Best-Practice Principles, Principles of Ethical Corporate Management, Codes of Ethical Conduct for Directors, Rules Governing the Scope of Responsibilities of Independent Directors, Rules of Procedure for Shareholders' Meetings, Rules Governing Board Meetings, Audit Committee Charter, and Regulations Governing Elections of Directors. In addition, the Company upholds its philosophy of corporate governance when implementing relevant rules and regulations of corporate governance. Relevant rules and charters regarding corporate governance are disclosed on the Company's website.

(VIII) Other important information to facilitate a better understanding of the Company's corporate governance: Please refer to Item 8 of "Implementation status of corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof."

(IX) Internal control system execution status

Medigen Vaccine Biologics Corp.
Statement on Internal Control

Date: Mar. 5, 2021

MVC hereby states the results of the self-evaluation of the internal control system for 2020 as follows::

I. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

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 will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 5, 2021, and out of the 7 directors in attendance (including attendance by proxy), none objected to it and all consented to the content expressed in this statement.

Medigen Vaccine Biologics Corp.

Chairman: Shih-Chung Chang

President: Tsan-Chien Chen

(X) Penalties imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as of the date of publication of the annual report, as well as details of the penalties, major deficiencies and subsequent improvements: None.

(XI) Major resolutions of shareholders' meetings and board meetings during the most recent Fiscal year and during the current fiscal year up to the date of publication of the annual report.

Category	Date	Motions	Resolutions
Shareholders' Meeting	2020/6/30	Recognition of the Company's 2019 business report and financial statements	Approved as proposed
		Recognition of the 2019 loss off-setting proposal	Approved as proposed
		Proposal for a cash offering by private placement	Approved as proposed
		By-election of Director	Approved as proposed
		Proposal for the waiver of non-competition clauses for newly elected Directors and their representatives.	Approved as proposed

Serial number	Category		Major motions	Resolutions
1	Board Meeting	2020/03/11	The Company's 2019 business report and financial statements	Approved by the unanimous decision of the directors present
2	Board Meeting	2020/04/09	Proposal for a cash offering by private placement.	Approved by the unanimous decision of the directors present
3	Board Meeting	2020/06/30	Proposal for 2020 increase of capital by cash through issuance of new shares.	Approved by the unanimous decision of the directors present
4	Board Meeting	2020/12/16	Proposal for sales of the cell processing center to Taiwan Bio Therapeutics Co., Ltd., and participation in the capital increase of Taiwan Bio Therapeutics Co., Ltd.	Approved by the unanimous decision of the directors present
5	Board Meeting	2021/03/05	The Company's 2020 business report and financial statements Proposal for change of CPAs due to internal job rotation of the accounting firm. Proposal for the 2021 employee stock options and the stock subscription regulations	Approved by the unanimous decision of the directors present

(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) A summary of resignations and dismissals of the Company's Chairman, President, accounting manager, financial manager, chief internal auditor, Corporate Governance Officer, and R&D manager during the most recent year and up to the date of publication of the Annual Report: None.

V. Information on Audit Fees

(I) Breakdown of CPA Professional Fee

Name of accounting firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Ya-Hui Lin	Sheng-Wei Teng	2020/1/1 - 2020/12/31	

Unit: NT$ thousands

Range / Category of fees		Audit fees	Non-audit fees	Total
1	Under NT$2,000 (Excl.)	✓	✓	✓
2	NT$2,000 (Incl.) - NT$4,000 (Excl.)			
3	NT$4,000 (Incl.) - NT$6000 (Excl.)			
4	NT$6,000 (Incl.) - NT$8,000 (Excl.)			
5	NT$8,000 (Incl.) - NT$10,000 (Excl.)			
6	NT$10,000 and above			

(II) If non-audit fees are paid to the CPAs, to the accounting firm of the CPAs, and/or to any affiliated enterprise of such accounting firm is more than one-quarter of the audit fees paid thereto, the amounts of both audit and non-audit fees, as well as details of non-audit services, shall be disclosed:

Information on audit fees

Unit: NT$ thousands

Name of accounting firm	Name of CPA	Audit fees	Non-audit fees					Audit period	Remarks
			System design	Company registration	Human resources	Other	Subtotal		
PwC Taiwan	Ya-Hui Lin Sheng-Wei Teng	1,200	-	-	-	150	150	2020	Royalty tax exemption service fee: NT$ 150 thousand.

(III) When the company changes its accounting firm, the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change, and the reasons shall be disclosed: None.

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

VI. Replacement of CPAs: There is no replacement of CPAs in 2020.

VII. The Positions Held by the Company's Chairman, Presidents, or Accounting Officers in the Company's Independent Accounting Firm or its Affiliates during the Most Recent Year: None.

VIII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Share changes by a Director, Supervisor, managerial officer, or major shareholders

Unit: shares

Position	Name	2020		As of May 1 of the current year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Institutional directors and major shareholders holding more than 10% of the Company's shares	Medigen Biotech Corp.	996,171	12,600,000	(660,000)	-
	Rep.: Shih-Chung Chang	-	-	-	-
Institutional directors and major shareholders holding more than 10% of the Company's shares	Medigen Biotech Corp.	996,171	12,600,000	(660,000)	-
	Rep.: Ken-Hu Chang	1,102	-	298	-
Institutional director	Schweitzer Biotech Co., Ltd.	1,109,560	-	-	-
	Rep.: Tsan-Chien Chen	-	-	-	-
Director	Wei-Jen Chen	6,698	-	-	-
Independent Director	Ming-Cheng Chang	-	-	-	-
Independent Director	Chia-Hsiu Lin	-	-	-	-
Independent Director	Yao-Chi Li	-	-	-	-
Managerial officer	Yi-Hsu Huang (Note 2)	(28,938)	-	Note 2	
Managerial officer	Wei-Cheng Lien	59,104	-	-	-
Managerial officer	Ssu-Hsien Li	196,000	-	-	-
Managerial officer	Tsai-Hua Hung	-	-	-	-
Managerial officer	Chuan-Cheng Chiu (Note 2)	(95,186)	(200,000)	Note 2	
Managerial officer	Hsin-Fa Kao	85,500	-	(93,000)	-
Managerial officer	Yu-Ping Yang	(115,000)	-	137,500	-

Note 1: The shareholders who hold more than 10% of the Company's shares shall be identified as major shareholders and stated separately.

Note 2: Chuan-Cheng Chiu resigned on April 1, 2021. Yi-Hsu Huang resigned on April 30, 2021.

(2) Information on the counterparties of the change in equity interests by a Director, Supervisor, managerial officer, or major shareholders: None.

(3) Information on the counterparties of the change in pledged shares by a Director, Supervisor, managerial officer, or major shareholders: None.

IX. Relationship among the Top Ten Shareholders

May 1, 2021

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		
	Shares	(%)	Shares	(%)	Shares	(%)	Name of company	Relationship	
Medigen Biotech Corp. Rep.: Shih-Chung Chang	45,847,811	21.58%	-	-	-	-	Everspring Industry Co., Ltd. Rep.: Tzu-Ling Chang	Second-degree relative	
Schweitzer Biotech Co., Ltd. Rep.: Hsu-Wen Chen	7,049,560	3.32%	-	-	-	-	-	-	
Everspring Industry Co., Ltd. Rep.: Tzu-Ling Chang	2,190,126	1.03%	-	-	-	-	Medigen Biotech Corp. Rep.: Shih-Chung Chang	Second-degree relative	
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,117,732	1.00%	-	-	-	-	-	-	
Citibank Taiwan in custody for Investment Account of Norges Bank	1,983,379	0.93%	-	-	-	-	-	-	
Tzu-Heng Huang	1,810,000	0.85%	-	-	-	-	Everspring Industry Co., Ltd. Rep.: Tzu-Ling	Second-degree relative	

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		
	Shares	(%)	Shares	(%)	Shares	(%)	Name of company	Relationship	
							Chang		
Hsiu-Chuan Chang	1,767,115	0.83%	-	-	-	-	-	-	
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,759,606	0.83%	-	-	-	-	-	-	
Tsun-Hsiung Liu	1,302,000	0.61%	-	-	-	-	-	-	
Chen-Tung Lin	1,281,000	0.60%	-	-	-	-	-	-	

Note: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

X. Ownership of Shares in Affiliated Enterprises: None.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of capital

1. Historical information of capitalization

May 1, 2021; Unit: NT$ thousands / thousand shares

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase by assets other than cash	Others
2012/10	10	50,000	500,000	50	500	Registered share capital	None	Fu-Chan-Ye-Shang-Zi No. 10189011200 dated 2012.10.22
2012/12	10	50,000	500,000	11,000	110,000	Cash capital increase NT$ 109,500 thousand.	None	Fu-Chan-Ye-Shang-Zi No. 10190271500 dated 2012.12.03
2012/12	10	50,000	500,000	15,000	150,000	Cash capital increase NT$ 40,000 thousand.	None	Fu-Chan-Ye-Shang-Zi No. 10191168300 dated 2012.12.28
2013/05	10	50,000	500,000	23,000	230,000	Cash capital increase NT$ 80,000 thousand.	None	Fu-Chan-Ye-Shang-Zi No. 10284246410 dated 2013.05.24
2014/01	12	100,000	1,000,000	50,000	500,000	Cash capital increase NT$ 270,000 thousand.	None	Jing-Shou-Shang-Zi No. 10301008910 dated 2014.01.20
2014/09	18	100,000	1,000,000	90,000	900,000	Cash capital increase NT$ 400,000 thousand.	None	Jing-Shou-Shang-Zi No. 10301199820 dated 2014.09.24
2015/12	22	200,000	2,000,000	110,000	1,100,000	Cash capital increase NT$ 200,000 thousand.	None	Zhu-Shang-Zi No. 1040036379 dated 2015.12.15
2016/09	26	200,000	2,000,000	122,500	1,225,000	Cash capital increase NT$ 125,000 thousand.	None	Zhu-Shang-Zi No. 1050024873 dated 2016.09.05
2017/07	12 27	200,000	2,000,000	136,765	1,367,650	Cash capital increase NT$ 140,000 thousand, and employee stock option NT$ 2,650 thousand.	None	Zhu-Shang-Zi No. 1060020542 dated 2017.07.28
2017/11	12	200,000	2,000,000	136,815	1,368,150	Employee stock option NT$ 500 thousand.	None	Zhu-Shang-Zi No. 1060031466 dated 2017.11.20
2018/02	12	200,000	2,000,000	136,933	1,369,325	Employee stock	None	Zhu-Shang-Zi No.

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase by assets other than cash	Others
						option NT$ 1,175 thousand.		1070004741 dated 2018.02.07
2018/05	12 28	200,000	2,000,000	155,310	1,553,095	Cash capital increase NT$ 182,820 thousand, and employee stock option NT$ 950 thousand.	None	Zhu-Shang-Zi No. 1070012730 dated 2018.05.02
2018/08	12	200,000	2,000,000	155,487	1,554,865	Employee stock option NT$ 1,770 thousand.	None	Zhu-Shang-Zi No. 1070023456 dated 2018.08.10
2018/11	12	200,000	2,000,000	155,525	1,555,240	Employee stock option NT$ 375 thousand.	None	Zhu-Shang-Zi No. 1070033914 dated 2018.11.20
2019/03	12	200,000	2,000,000	155,542	1,555,415	Employee stock option NT$ 175 thousand.	None	Zhu-Shang-Zi No. 1080008382 dated 2019.03.26
2019/05	12	200,000	2,000,000	155,668	1,556,678	Employee stock option NT$ 1,263 thousand.	None	Zhu-Shang-Zi No. 1080013703 dated 2019.05.16
2019/08	12	300,000	3,000,000	155,846	1,558,458	Employee stock option NT$ 1,780 thousand.	None	Zhu-Shang-Zi No. 1080025214 dated 2019.08.29
2019/11	12 29.5	300,000	3,000,000	156,026	1,560,258	Employee stock option NT$ 1,800 thousand.	None	Zhu-Shang-Zi No. 1080034465 dated 2019.11.29
2020/02	26	300,000	3,000,000	186,026	1,860,258	Cash capital increase NT$ 300,000 thousand.	None	Zhu-Shang-Zi No. 1090004056 dated 2020.02.15
2020/05	12 29.5	300,000	3,000,000	186,602	1,866,023	Employee stock option NT$ 5,765 thousand.	None	Zhu-Shang-Zi No. 1090014284 dated 2020.05.28
2020/08	12 29.5 39.5	300,000	3,000,000	186,717	1,867,168	Employee stock option NT$ 1,145 thousand.	None	Zhu-Shang-Zi No. 1090023930 dated 2020.08.21
2020/11	29.5 80	300,000	3,000,000	211,099	2,110,988	Employee stock option NT$ 3,820 thousand. Cash capital increase NT$ 240,000 thousand.	None	Zhu-Shang-Zi No. 1090034341 dated 2020.12.04
2021/03	12 29.5 36.75	300,000	3,000,000	211,461	2,114,608	Employee stock option NT$ 3,620 thousand.	None	Zhu-Shang-Zi No. 1100007592 dated 2021.03.19
2021/05	12 29.5 36.75 39.5	300,000	3,000,000	212,477	2,124,770	Employee stock option NT$ 10,162 thousand.	None	Registration yet to be changed

2. Type of shares

May 1, 2021; unit: share

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total shares	
Common shares	212,477,000	87,523,000	300,000,000	

3. Information for shelf registration: None.

(II) Status of shareholders

May 1, 2021; unit: share

Structure / Item	Government agencies	Financial institutions	Other juridical persons	Domestic natural persons	Foreign institutions & natural persons	Total
Number of shareholders	-	1	55	30,626	92	30,774
Shareholding (shares)	-	100,000	59,034,512	140,290,256	13,052,232	212,477,000
Percentage	-	0.05%	27.78%	66.03%	6.14%	100.00%

(III) Distribution of shares

May 1, 2021; unit: share

Class of shareholding (Unit: Share)	Number of shareholders	Shareholding (shares)	Percentage
1~999	7,306	1,033,480	0.49%
1,000~5,000	19,383	34,212,077	16.10%
5,001~10,000	1956	15,042,945	7.08%
10,001~15,000	674	8,518,468	4.01%
15,001~20,000	388	6,974,863	3.28%
20,001~30,000	385	9,522,737	4.48%
30,001~50,000	296	11,409,928	5.37%
50,001~100,000	213	14,776,209	6.95%
100,001~200,000	90	12,127,728	5.71%
200,001~400,000	46	13,239,976	6.23%
400,001~600,000	12	5,685,065	2.68%
600,001~800,000	9	6,248,885	2.94%
800,001~1,000,000	1	853,264	0.40%
Over 1,000,001	15	72,831,375	34.28%
Total	30,774	212,477,000	100.00%

Distribution of preferred shares: The Company did not issue preferred shares.

(IV) List of major shareholder

May 1, 2021; unit: share

Shareholding Shareholder's name	Shares	Percentage
Medigen Biotech Corp.	45,847,811	21.58%
Schweitzer Biotech Co., Ltd.	7,049,560	3.32%
Everspring Industry Co., Ltd.	2,190,126	1.03%
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,117,732	1.00%
Citibank Taiwan in custody for Investment Account of Norges Bank	1,983,379	0.93%
Tzu-Heng Huang	1,810,000	0.85%
Hsiu-Chuan Chang	1,767,115	0.83%
JP Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,759,606	0.83%
Tsun-Hsiung Liu	1,302,000	0.61%
Chen-Tung Lin	1,281,000	0.60%

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

Unit: NT$ thousands

Item \ Year			2019	2020	As of Apr. 30, 2021 (Note 8)
Market price per share (Note 1)	Highest		39.00	134.50	315.00
	Lowest		27.00	28.60	95.10
	Average		32.51	83.18	204.07
Net worth per share (Note 2)	Before distribution		8.09	14.86	14.26
	After distribution		8.09	14.86	14.26
Earnings per share	Weighted average shares (thousand shares)		155,717	186,987	211,151
	Before adjustment		(3.97)	(3.61)	(0.74)
	After adjustment (Note 3)		(3.97)	(3.61)	(0.74)
Dividends per share	Cash dividends		-	-	-
	Stock dividends	Stock dividends appropriated from earnings	-	-	-
		Stock dividends appropriated from capital surplus	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Return on investment	Price/Earnings ratio (Note 5)		-	-	-
	Price/Dividend ratio (Note 6)		-	-	-
	Cash dividend yield (Note 7)		-	-	-

Note 1: Please identify the highest 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 retroactive adjustments due to the distribution of stock dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provided 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 market price / Earnings per share

Note 6: Price/Dividend yield = Average market price / Cash dividend per share

Note 7: Cash dividend yields = Cash dividend per share / Average market price

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. The financial information of the first quarter of 2021 was assessed by the Company. The information available until the date of publication of the annual report in the other sections shall also be identified.

(VI) Dividend policy and implementation status:

1. Dividend policy:

   The Company's dividends are distributed in form of cash or stocks (incl. stock dividends from earnings and additional paid-in capital). The earnings distribution proposal is proposed by the Board of Directors based on the operating performance, capital needs, and the earnings level of the year (less statutory deductions), and the earnings are distributed upon approval by the shareholders' meetings. Cash dividends shall account for more than 50% of the total dividends distributed. However, in circumstances of major capital expenditure plans, dividends may be distributed in the form of stock only upon the approval of shareholders' meetings.

2. Implementation status: The Company did not distribute any dividends.

(VII) Effect on the operating performance and earnings per share of the distribution of stock dividends proposed or adopted in the most recent shareholders' meeting: The Company did not distribute any stock dividends in the current year.

(VIII) Remuneration of Employees, Directors, and Supervisors:

1. Percentage or range of the remuneration of employees, Directors, and Supervisors as set forth in the Articles of Incorporation

   The Articles of Incorporation were amended by the shareholders' meeting on June 13, 2019. If the Company has earnings, it shall set aside no less than 1% of the balance as remuneration to the employees and no more than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the loss before remuneration distribution.

2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

3. Remuneration distribution proposals adopted in Board of Directors Meeting: None.

4. If there is any discrepancy between the actual and recognized distribution of employee, director, and supervisor remuneration for the previous year (incl. the number of shares, monetary amount, and stock price, of the shares distributed), please provide the difference, cause, and treatment: None.

(IX) Buy-back of treasury stock: None.

II. Corporate Bonds (Incl. Overseas Corporate Bonds): None.

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options

(I) Unexpired employee stock option issued by the Company

Mar. 31, 2021

Type of stock option	2014	2017		2018		2021
		1st	2nd	1st	2nd	
Approval date	2015.06.11 (Note)	2017.05.18 (2,500,000 units in total)		2018.08.21 (3,500,000 units in total)		2021.03.22
Issue date	2015.04.30	2017.07.19	2018.04.18	2018.11.5	2019.8.13	2021.03.23
Duration	6 years					
Units issued	1,500,000	2,135,000	365,000	3,035,000	465,000	2,500,000
Shares of stock options to be issued as a percentage of outstanding shares	0.71%	1.01%	0.17%	1.44%	0.22%	1.18%
Conversion measures	Subscribers may exercise their rights to subscription, as per the following schedule, in accordance with regulations, two years after they obtained the stock options. Subscription period is 6 years, and the options may not be transferred.					
Methods of fulfillment	Issuance of new shares					
Conditional conversion periods and percentage	Schedule			Cumulative maximum exercisable stock option percentage		
	After 2 full years (or starting of the third year)			50%		
	After 3 years			75%		
	After 4 years			100%		
Converted shares	1,376,250	1,078,750	82,500	1,002,500	-	-
Exercised amount	16,515,000	31,823,125	3,258,750	36,841,875	-	-
Number of shares yet to be converted	60,000	518,750	282,500	1,597,500	380,000	2,500,000
Exercise price	12	29.5	39.5	36.75	27.65	226.5
Unexercised shares as a percentage of total issued shares	0.03%	0.25%	0.13%	0.76%	0.18%	1.18%
Impact on shareholder equity	It is to motivate employees' long-term service willingness and enhance team cohesion, so as to create benefits for the Company and shareholders, and benefit shareholders' equity.					

Note: IPO registration date

(II) List of executives receiving employee stock options and the top ten employees with stock options:

Mar. 31, 2021; unit: share

Title		Name	No. of stock option	Stock options as a percentage of shares issued	Exercised				Unexercised			
					No. of shares converted	Exercised price	Amount	Converted shares as a percentage of shares issued (%)	No. of stock option	Exercised price	Amount	Converted shares as a percentage of shares issued (%)
Managerial officer	President	Tsan-Chien Chen	2,395,000	1.13%	617,500	12.00 29.50 39.50 36.75	11,985,000	0.29%	1,777,500	12.00 29.50 39.50 36.75 27.65 226.5	206,214,250	0.84%
	Executive Vice President	Ssu-Hsien Li										
	Chief Technology Officer	Yi-Hsu Huang										
	Assistant Vice President	Chuan-Cheng Chiu										
	Assistant Vice President	Hsin-Fa Kao										
	Assistant Vice President	Yu-Ping Yang										
	Director of Regulatory Affairs Department	Tsai-Hua Hung										
	Factory Manager	Wei-Cheng Lien										
Employee	Senior Manager	Hao-Yuan Cheng	1,720,000	0.81%	988,750	12.00 29.50 39.50 36.75	21,553,750	0.47%	731,250	29.50 39.50 36.75 27.65 226.5	94,215,500	0.35%
	Department manager	Yi-Chen Tai										
	Manager	Cheng-Yang Chen										
	Manager	Ya-Fen Hung										
	Manager	Chung-Nan Sun										
	Manager	Hsiang-Chi Li										
	Project manager	Erh-Fang Hsieh										
	Deputy Manager	Chien-Lung Wu										
	Consultant	Chao-Chuan Ou										
	Deputy Manager	Fen-Lan Lin										

VI. Employee Restricted Stock: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Financing Plans and Implementation:

The 2020 cash capital increase through issuance of new shares was completed on Nov. 17, 2020.

1. Content of the plan

(1) The competent authority's approval date and the document number: Jin-Guan-Zheng-Fa-Zi No. 1090353952 dated 2020.09.09

(2) Total capital required for the plan: NT$ 1,920,000 thousand.

(3) Source of capital: Cash capital increase 24,000 thousand shares, issued at NT$ 80 per share, with a total of NT$ 1,920,000 thousand.

(4) Progress of the plan and capital utilization:

Unit: NT$ thousands

Plan		Proposed Completion date	Required Total capital	Proposed progress of capital utilization					
				2020		2021			
				Q3	Q4	Q1	Q2	Q3	Q4
Suffice operating capital	Development of COVID-19 vaccine	2021	590,328	139,550	107,000	123,500	95,750	124,528	-
	Operating capital	Q3	850,024	-	850,024	-	-	-	-
	Subtotal		1,440,352	139,550	957,024	123,500	95,750	124,528	-
Acquisition of equipment and machinery		2021 Q4	110,980	31,192	-	38,990	9,900	-	30,898
Repayment of bank loan		2020 Q4	368,668	-	368,668	-	-	-	-
Total			1,920,000	170,742	1,325,692	162,490	105,650	124,528	30,898

2. Implementation status and benefit analysis:

(1) Resolutions:

Unit: NT$ thousands

Plan		Implementation status			Reasons and improvement plans for ahead or behind the project schedule
Suffice operating capital	Development of COVID-19 vaccine	Amount used	Proposed	590,328	Suffice operating capital: As of Q1 2021, the proposed capital utilization for the development of COVID-19 vaccine was NT$ 370,050 thousand, the actual use was NT$ 427,751 thousand, with an achievement rate of 116%. The project continues as planned. Acquisition of equipment and machinery: The total proposed amount allocated for the acquisition of equipment and machinery was NT$ 110,980 thousand, and the proposed amount as of Q1 2021 was NT$ 70,182 thousand. As of Q1 2021, NT$ 31,263 thousand was used as
			Actual	427,751	
		Achievement rate (%)	Proposed	100	
			Actual	73	
	Operating capital	Amount used	Proposed	850,024	
			Actual	850,024	
		Achievement rate (%)	Proposed	100	
			Actual	100	
	Subtotal	Amount used	Proposed	1,440,352	
			Actual	1,277,775	
		Achievement rate (%)	Proposed	100	
			Actual	89	
Acquisition of equipment and machinery		Amount used	Proposed	110,980	
			Actual	31,263	
		Achievement rate (%)	Proposed	100	
			Actual	28	

Plan	Implementation status			Reasons and improvement plans for ahead or behind the project schedule
Repayment of bank loan	Amount used	Proposed	368,668	the plan, with an achievement rate of 45%. The acquisition plan was behind schedule as overseas suppliers had postponed the delivery of equipment and machinery due to the impact of COVID-19. The Company expects to receive the equipment and machinery and make corresponding payments in Q2.
		Actual	368,668	
	Achievement rate (%)	Proposed	100	
		Actual	100	
Total	Amount used	Proposed	1,920,000	
		Actual	1,677,707	
	Achievement rate (%)	Proposed	100	
		Actual	87	

(2) Benefit analysis:

Item \ Year		Jun. 30, 2020 (before capital increase)	Dec. 31, 2020 (after capital increase)
Financial structure	Debt ratio (%)	34.23	10.01
	Ratio of long-term capital to property, plant and equipment (%)	166.36	287.09
Solvency	Current ratio (%)	387.95	1,248.44
	Quick ratio (%)	343.80	1,157.51

According to the above table, the Company's cash capital increase plan can strengthen its financial structure and improve its solvency. The current ratio and quick ratio can be increased from 387.95% and 343.80% to 1,248.44% and 1,157.51%, respectively; the ratio of long-term capital to property, plant and equipment from 166.36% to 287.09%; debt ratio can be decreased from 34.23% to 10.01%. Furthermore, the cash capital increase plan can also increase the adaptability of operation and flexibility of financial scheduling, which is beneficial to the overall operating development and robust financial structure, and thus can improve the Company's overall market competitiveness and long-term development. Thus, the cash capital increase is reasonable.

3. Changes in the content of plans, source of capital, utilization, and benefits, reasons for change, and report to the shareholders' meeting: N/A.
4. Date of entering information to the information reporting website designated by the Financial Supervisory Commission: September 9, 2020.

Chapter 5. Operational Highlights

I. Business Activities:

(I) Scope of business

(1) Scope of principle businesses

MVC is a biotech and new pharmaceutical company approved by the Industrial Development Bureau, Ministry of Economic Affair pursuant to the "Act For The Development Of Biotech And New Pharmaceuticals Industry." Its principal businesses include the R&D, manufacturing, and sales of "biological products" for human use (including vaccines and genetically modified protein drugs). The scope of business is as follows:

IG01010 Biotechnology Services

F401010 International Trade

C802041 Manufacture of Drugs and Medicines

F108021 Wholesale of Western Pharmaceutical

F108031 Wholesale of Medical Devices

CF01011 Medical Devices Manufacturing

MVC conducts R&D, designs, develops, manufactures, and sells the following products:

1. Cell-cultured vaccines:
   Influenza vaccines, enterovirus vaccines, dengue vaccines, and other cell-cultured vaccines.

2. Other biological products:
   Biosimilars (anti-RSV monoclonal antibody (Palivizumab), and Fabrazyme injection, etc.) and the development and manufacturing of cell-culture for cell therapy-use.

(2) Major products and their proportion of revenue

Unit: NT$ thousands

Major products	2020	
	Sales revenue	Proportion of revenue (%)
Testing services and others	9,486	82
RT-PCR test kits for COVID-19	2,021	18
Total	11,507	100

(3) Current products (services):

1. MVC COVID-19 Vaccine:
   This is MVC's self-developed genetic recombination subunit vaccines, where the technology of S-2P pike protein antigen was transferred from the National Institutes of Health, U.S.A. (US NIH). The spike protein antigen is a combination of aluminum hydroxide and the new type CpG 1018 adjuvant, which can

effectively induce a Th1-biased immune response. In compliance with the Emergency Use Authorizations (EUA) from Taiwan Centers for Disease Control, the enrollment of more than 3,700 subjects for phase II clinical trials at 11 clinical sites was completed in March 2021 for the MVC COVID-19 Vaccine. In the future, the vaccine will be launched in accordance with EUA to need the domestic medical needs and be put to phase III clinical trials simultaneously.

2. EV71 vaccine

MVC's EV71 vaccine is a whole virus inactivated vaccine, targeting 2-month-to-6-year-old infants. MVC's EV71 vaccine is the only multination, multicenter phase III clinical trial development project investigating the long-term protection vaccines, and is the only three-dose (2 priming doses and 1 booster dose) vaccine for high-risk infants under 6 months old. MVC has completed the enrollment of more than 3,000 subjects in Taiwan and Vietnam for phase III clinical trials. After the immunogenicity data unblinding of the phase III clinical trial on April 10, 2021, the vaccine met the required standards, and MVC will file NDA to TFDA via the accelerated approval pathway.

3. Other product pipelines:

Apart from the two main products, MVC also cooperates with US NIH in the development of the dengue vaccine, and MVC is responsible for the phase II clinical trial proof of concept (POC) and bridging study evaluation (BSE) in Taiwan. As for the influenza vaccine, MVC has completed the phase II clinical study for the self-developed cell-cultured influenza mock-up vaccine (H7N9 vaccine); MVC has completed the phase III clinical trial for quadrivalent influenza vaccine in cooperation with (Korea) GC Pharma. In the future, MVC will import vaccine bulk and carries out filling and packaging in its Hsinchu Manufacturing Facility, to achieve the goal of manufacturing and selling quadrivalent influenza vaccine by MVC itself. MVC also participates in the large-scale alliance development project with Utrecht Centre of Excellence for Affordable Biotherapeutics for Public Health of WHO. The participants of the alliance project share the R&D expenses and development results. Through the project, MVC rapidly promotes the R&D and marketing of Palivizumab (an anti-RSV antibody-drug) in the world.

(4) Future product and services development plans

1. COVID-19 vaccine: Development of new drug delivery

MVC is developing the dose form of intramuscular injection for COVID-19 vaccines. As MVC is licensed by US NIH to develop and sell S-2P pike protein antigen. In recent years, MVC also contacting with other foreign pharmaceutical companies regarding cooperation for the development of a new vaccine delivery system. The U.S. innovative biotech company, Vaxess Technologies, is actively

implementing Mimix microneedle smart slow-release patch technology in the development of vaccine patches for COVID-19 and quadrivalent influenza vaccine (QIV). Another Company, BlueWillow Biologics, is also looking forward to developing nasal spray for the COVID-19 vaccine with MVC's S-2P pike protein antigen and BlueWillow's new oil-in-water nano emulsified adjuvant.

2. EV71 vaccine: Development of the EV71 polyvalent virus-like particle (VLP)
Our EV71 vaccine is based on the inactivated whole virus technology. Besides the clinical study of the development of inactivated whole virus vaccines, MVC is currently adopting the virus-like particle technology in the development of a bivalent vaccine based on EV71 and other severe enteroviruses such as coxsackievirus A16. In the future, MVC will continue with the clinical trial development based on the circulation situation of the viruses, to extend the life-cycle of the product life and to meet medical needs.

(II) Industry overview

(1) Current industry status and development

1. The development of the global pharmaceutical market
According to the reports of Research and Markets, due to the impacts of COVID-19 on the manufacturing and sales of drugs and the decreased willingness of the public to seek medical care, the global pharmaceutical had a slight market compound annual growth rate (CAGR) of 1.8% from US$ 1.23 trillion in 2020 and is expected to reach US$ 1.25 trillion in 2021. With the administration of vaccines and recovery of economic activities in the world, the global pharmaceutical market is expected to rebound at a compound annual growth rate of 8% after 2023, and reach US$ 1.7 trillion in 2025.
The Research and Markets also reported that until 2024, North America will stay as the largest and most matured pharmaceutical market in the world, accounting for 45% of the global market. However, due to the rapid economic and population growth in Asian Pacific, the Asian Pacific market accounts for about 24%~26% of the global market, becoming the second-largest pharmaceutical market in the world.

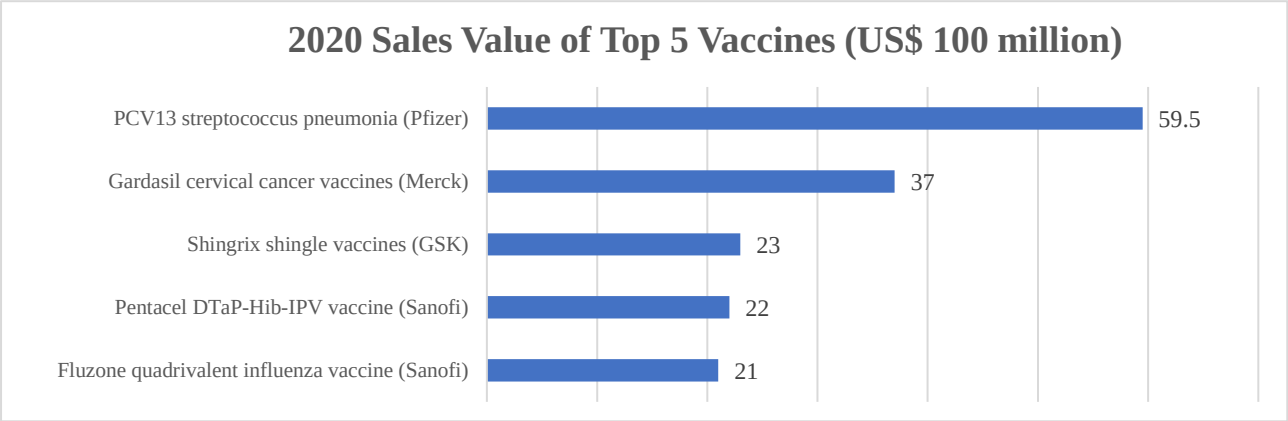
2. Trend of the global vaccine market
In contrast to the slow growth of the global pharmaceutical market, the vaccine market has boosted due to the 2020 COVID-19 pandemic and has out-performed the overall pharmaceutical market. According to the Fortune Business Insight's report, driven by COVID-19, the global vaccine market is expected to show a compound annual growth rate of 10.7%, growing from US$ 46.88 billion in 2019 to US$ 1,048.7 billion in 2027. At the same time, this growth is also expected to boost sales of peripherals, such as the raw material supplies, manufacturing

equipment, contract research organization (CRO) for clinical trials, and cold-chain transportation.

And new vaccines are becoming the highlight of vaccine development because of their high net worth and long life cycle. Preventive vaccines can be categorized into three types: (1) Traditional vaccines, such as BCG vaccine, Japanese encephalitis vaccine, trivalent influenza vaccine, etc.; (2) New vaccines, such as dengue vaccines, enterovirus vaccines, etc.; (3) Pandemic vaccines, such as H1N1 vaccines. Among them, new vaccines can be further divided into (a) new technology: improved immunogenicity and protection of existing new vaccines through new process, new polyvalent antigen or drug delivery system. Such vaccines include PCV13 streptococcus pneumonia vaccines, DTaP-Hib-IPV vaccines, and quadrivalent influenza vaccines; and (b) new type: development of new vaccines for infectious disease that has no vaccines available. Such diseases include HPV, shingles, enterovirus, and coronavirus.

Although traditional vaccines have rigid and high demand and long administration history, they have adopted a small-profit-and-quick-return business model due to low technology threshold and a large number of competitors. On the other hand, pandemic vaccines are often interrupted by the rapid transmission of viruses, and thus these vaccines tend to show short-term explosive revenue growth but have a shorter life cycle. Such vaccines include the H1N1 vaccine.

In contrast, new vaccines tend to be high in unit price and bring in high-profit margins as they are able to either prevent new diseases or provide long-lasting protection. Also, as most of such vaccines are in the early stages of the product life cycle, they account for a large market share and serve as the driving force of the global vaccine market. Based on the data, the four vaccines manufacturer with the highest revenue in the world in 2019 are GSK (US$ 9.1 billion), Merck (US$ 8.4 billion), Pfizer (US$ 6.5 billion), Sanofi (US$ 6.3 billion). Their revenues are mainly from high unit price, high net worth new vaccines such as streptococcus pneumonia vaccines, HPV vaccines, and shingle vaccines.



Source: Fortune Business Insight (2020), organized by MVC.

3. Trend of the COVID-19 vaccine market

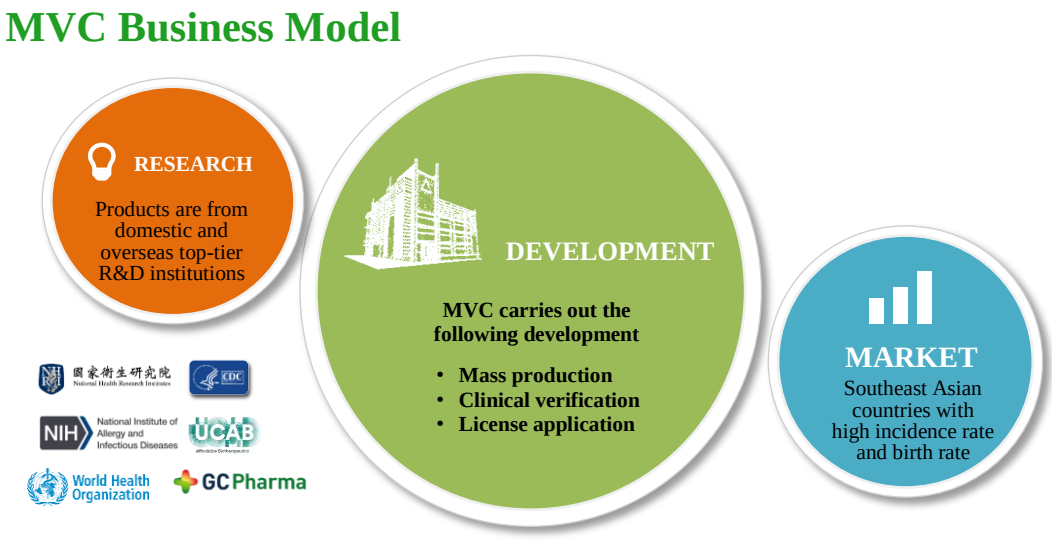
Based on the projection of Evaluate Pharma, the sales of the COVID-19 vaccine will reach US$ 10~15 billion in 2021. Among them, Pfizer is expected to have a revenue of US$ 15 billion for COVID-19 vaccines in 2021, while Moderna US$ 18.4 billion. The COVID-19 vaccine is not only expected to be the best-selling vaccine, but also one of the top three pharmaceutical products. Furthermore, Evaluate Pharma predicted that vaccine manufacturers that have high safety, high protection, and cold-chain transportation (-15º ~-25ºC), such as Moderna, will become more competitive in the market in the long run. Although many vaccine manufacturers have obtained EUA in Europe and the U.S.A, manufacturers that possess the three main advantages, high safety, high protection, and cold-chain transportation, are expected to become one of the dominant leading manufacturers in the world.

Furthermore, COVID-19 tends to become influenza-like in the long run. According to The New York Times, as of early April 2021, 660 million doses of COVID-19 vaccines have been administered around the world, which translates to only 8.7 doses per hundred people. Currently, no country in the world has yet met the criteria of herd immunity. Moreover, variants of COVID-19 are showing up around the world, making it more difficult to stop the spread. Main variants of concern (VoC) include B1.617 (India), B1.1.7 (UK), and B1.351 (South Africa). Due to the uneven distribution of vaccines, and the rapid variation of viruses, the COVID-19 is thus becoming more influenza-like. In the future, vaccine shots may be required every year to contain the spread of the virus. Thus, we expect a long-term supply market for COVID-19 vaccines in the coming years.

(2) Relationship amongst upstream, midstream, and downstream of the industry

Unlike the general technology industry, the biotech and new pharmaceutical industry has a high threshold and long life cycle. PhRMA Org (U.S.A.) evaluates that the life cycles of new drugs are around 10 to 20 years, and compared to new drugs, vaccines

have a longer life cycle as they require higher biosafety level, technology threshold, and product placement cost, the vaccine products tend to have a longer life cycle. Furthermore, unlike other drugs, vaccines target the vast healthy population. Thus, countries around the world impose strict regulations on the production quality, clinical verification, and safety monitoring of the vaccines, extending their life cycle to over 10 years.



In terms of business model, MVC vaccines are selected vaccine candidates that have commercial potential from domestic and foreign research institutions, technology transfers. For example, the co-developed S-2P pike protein vaccine and dengue vaccine with US NIH, and the co-developed EV71 vaccine with National Health Research Institutes. After taking over the early research results of vaccine studies, MVC carries out the mass production process development of antigen, clinical trial verification, filling and packaging, drug license application, marketing, and sales. The business model adopted by MVC not only decreases the risk of failure in early R&D stages but also launches the products at the target market in the most efficient way.

(3) Development trends of products

1. COVID-19 vaccine

World Health Organization (WHO) reported that since the end of 2019, COVID-19 has caused almost 150 million infections and 3.14 million deaths. According to the United Nations Children's Emergency Fund (UNICEF), as of April 2021, 13 COVID-19 vaccines have obtained drug licenses or EUA around the world. The COVID-19 vaccines can be further divided into four main categories based on technology platforms: mRNA vaccines, viral vector vaccines, recombinant subunit vaccines, and whole virus inactivated vaccines. The advantages and disadvantages and representing vaccines are as follows:

Type of vaccines	mRNA vaccines	Subunit vaccine -1 Full-length	Subunit vaccine -2 Non-full-length (only RBD)	Adenoviral vector vaccine	Whole virus vaccine
Antigen design	Full-length spike protein mRNA	Full-length spike protein antigen (Incl. complete S1/S2 domain)	Non-full-length spike protein (Only includes S1 RBD receptor biding domain)	Adenoviral vector full-length spike protein genes	Inactivated whole virus
Major manufacturer	BNT/Pfizer, Moderna	Novavax, MVC	United Biomedical, Adimmune, University Medical Center Groningen, etc.	AZ, J&J, Gamaleya Center (Russia)	Sinovac (China), Chinese Academy of Medical Science, Valneva (France)
Effectiveness	High • BNT/Pfizer: 95% • Moderna: 94.1%	High • Novavax: 89.3%	Unknown	Medium • AstraZeneca: 63.1% • J&J: 66%	Low Sinovac (Brazil): 50.38%
Transportation requirement	Ultra-low temperature storage (-20℃ or -70℃)	2~8℃	2~8℃	2~8℃	2~8℃

Source: Organized by MVC

Among the 13 vaccines in the world, BNT/Pfizer, Moderna, AZ/Oxford, J&Jhave obtained EUA from U.S. Food and Drug Administration (US FDA) and European Medicines Agency (EMA). Although these vaccines are developed on different technology platforms but are mainly based on prefusion stabilized recombinant full-length spike protein coding.

As the variants not only have mutations in the receptor binding domain (RBD) but also outside RBD regions, full-length spike protein can provide better protection against virus variants compared to other RBD antigen vaccines. And MVC's COVID-19 vaccine is the only full-length spike protein antigen product in Taiwan.

<Feature of MVC's Development of COVID-19 vaccine>

The MVC's COVID-19 vaccine is based on the S-2P full-length recombinant spike protein technology transferred from US NIH, which is a combination of prefusion stabilized SARS-CoV-2 spike protein (S-2P) antigen, aluminum hydroxide, and CpG 1018 adjuvant. The other mRNA antigen technology, with the same spike protein coding is transferred to Moderna.

Compared with domestic and overseas competitors, the MVC COVID-19 vaccine has six competitive advantages:

(1) Inducing Th1-biased immune response: MVC obtains the optimal antigen/adjuvant combination through large-scale animal study and adopts the US FDA approved CpG1018 adjuvant to induce the required Th1-biased immune response.

(2) High safety level: The phase I clinical trial results show that the vaccines are safe, and no subjects had negative side effects such as fever.

(3) Generating excellent immunogenicity: The phase I clinical trial results show that subjects with high and medium dosage have generated excellent immunogenicity.

(4) Neutralization with virus variants such as UK variant: The results of the rat test and the serum of phase I subjects neutralized with UK, South Africa, and other variants, which is similar to the results of other international major manufacturers.

(5) 2℃ ~ 8℃ cold-chain transportation: This vaccine can be stored at 2℃ ~ 8℃. Compared to the competitors' vaccines that require -20℃ ~ -80℃ cold-chain transportation, MVC's vaccines have the advantage of easier transportation.

(6) PIC/S GMP production quality: MVC's Hsinchu Manufacturing Facility is Taiwan's first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. The TFDA has on-site consultants based in the manufacturing plant, to supervise the manufacturing process of cell-cultured vaccines, and carries out factory inspection.

2. EV71 vaccine

Enterovirus 71 (EV71) can be found all over the world. As the virus spreads more easily in a humid and warm environment, it is more common in East Asia and Southeast Asia. According to Taiwan Centers for Disease Control, children under the age of 5 are at high risk of severe infection. Infants under 6 months old are especially at high risk of severe complications and death. The infection fatality rate is between 1.3% and 33.3 %, threatening the life of all newborn babies in this region.

Currently, there are only 5 pharmaceutical companies in the world that have entered the late stage of R&D and are ready for the product launch for EV71 vaccines. Although 3 pharmaceutical companies in China have obtained drug licenses in China, their EV17 vaccines are only administered to children from 6 months old to 6 years old, excluding high-risk children under 6 months. Also, due to the restriction of human-use vaccine import from China, a vaccine targeting infants under 6 months old are not yet available in the Taiwanese market.

There are 2 EV71 vaccine R&D companies in Taiwan. However, MVC is the only company that carries out multination, multicenter phase III clinical trials. MVC has completed the enrollment of more than 3,000 subjects in Taiwan and Vietnam. After collecting post-vaccination serum (1 year after vaccination) and analyzing laboratory data, MVC has completed data unblinding of immunogenicity on April 10, 2021, the results have met Taiwan's statutory requirement. After completing clinical studies, MVC will apply to file NDA to TFDA and marketing authorization via the accelerated approval pathway.

Product list of EV71 vaccines in the world

Company	MVC	Enimmune/Adimmune	Three Chinese vaccine manufacturers Sinovac Biotech, Chinese Academy of Medical Science, and National Vaccine & Serum Institute Wuhan
Technology platform	Whole virus inactivated vaccine		
Stage of development	The only multination, multicenter phase III clinical trial in the world Completed data unblinding of immunogenicity on April 10, 2021, and applied for NDA	Claimed to have completed phase III clinical trial in March 2020. Not yet obtained Taiwan's drug license. Net yet started clinical trial in Vietnam.	Obtained China's drug license between Dec. 2015 to 2016.
Market strategy	Taiwan, ASEAN, China-Hong Kong-Macau	Taiwan, overseas marketing strategy unknown	China
Target age group	2 months - 6 years old	2 months - 6 years old	6 months - 3 years old (Chinese Academy of Medical Science: 6 months - 5 years old)
Schedule	Schedule by age: Above 2 years of old: 2 priming doses Under 2 years of old: 2 priming doses + 1 booster dose. Protection verified to extend to school age.	2 priming doses for all	2 priming doses for all

Source: Official website of each company / organized by MVC

<Feature of MVC's Development of EV71 vaccine>

Compared to the other 4 competitors in the world, MVC's EV71 vaccine has the following six competitive advantages:

(1) The only multination, multicenter phase III clinical trial development project in the world.

(2) The only company in the world that adopts 2 priming doses + 1 booster dose for children under 2 years old with high risk. MVC has a niche in the market of severe cases with high a fatality rate.

(3) High safety level.

(4) Excellent immunogenicity. MVC completed multination, multicenter phase III data unblinding of immunogenicity on April 10, 2021, and the results met the required statutory standards.

(5) MVC's vaccine shows cross reaction with virus subtypes in China and ASEAN countries.

(6) PIC/S GMP qualified quality and production capacity. MVC's Hsinchu Manufacturing Facility is Taiwan's first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. It can provide a stable supply for domestic foreign markets in the future.

3. Other biological products

MVC has a niche in vaccines and antibody drugs. The Hsinchu Manufacturing Facility has passed the PIC/S GMP factory inspection and has become the first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. It can not only provide a stable supply for domestic and foreign markets in the future but also fulfill the needs for the enormous number of newborn babies in emerging markets in ASEAN countries, which is the largest niche of MVC. Furthermore, MVC has also established a complete cell bank of the most commonly used mammalian cell strains, including Vero cells, Madin-Darby canine kidney cells (MDCK), and Chinese hamster ovary cells (CHO).

In terms of upstream and downstream manufacturing, MVC Hsinchu Manufacturing Facility has established a complete product line from raw materials to the mass production of final products. In terms of upstream antigen manufacturing, MVC has set up the single-use bioreactor process from lab-scale to commercial-scale. MVC can not only more accurately calibrate cell growth parameters, but also improves safety level and cleaning validation efficiency. In terms of the downstream manufacturing process, MVC optimized expanded the scale of the chromatographic purification process to greatly decrease mass production costs. Also, MVC Hsinchu Manufacturing Facility has PIC/S GMP qualified laboratory and filling and packaging production line, and is able to grasp the status of production and control product quality.

(III) Research and development achievements and plans

(1) R&D expenditures in recent years:

Unit: NT$ thousands

Item	2020	Q1 2021 (unaudited)
R&D expenses	679,556	261,429

(2) Successfully developed technologies or products

MVC's main products ready for market:

1. MVC COVID-19 Vaccine

This is MVC's self-developed genetic recombination subunit vaccines, where the technology of S-2P pike protein antigen was transferred from the National Institutes of Health, U.S.A. (US NIH). The spike protein antigen is a combination of aluminum hydroxide and the new type CpG 1018 adjuvant, which can effectively induce a Th1-biased immune response. In compliance with the EUA from Taiwan Centers for Disease Control, the enrollment of more than 3,700 subjects for phase II clinical trials at 11 clinical sites was completed in March 2021 for the MVC COVID-19 Vaccine. In the future, the vaccine will be launched in accordance with EUA to need the domestic medical needs and be put to phase III clinical trials simultaneously.

2. EV71 vaccine:

MVC's EV71 vaccine is a whole virus inactivated vaccine, targeting 2-month-to-6-year-old infants. MVC's EV71 vaccine is the only multination, multicenter phase III clinical trial development project investigating the long-term protection vaccines, and is the only three-dose (2 priming doses and + 1 booster dose) vaccine for high-risk infants under 6 months old. MVC has completed the enrollment of more than 3,000 subjects in Taiwan and Vietnam for phase III clinical trials. After the immunogenicity data unblinding of the phase III clinical trial on April 10, 2021, the vaccine met the required standards, and MVC will file NDA to TFDA via the accelerated approval pathway.

(IV) Short and long-term business development plan:

(1) Short-term business development plan:

1. MVC COVID-19 vaccine: Obtain EUA, accelerate global market strategy

MVC completed the enrollment of more than 3,700 subjects for phase II clinical trials on March 30, 2021. Among them, 850 are over 65 years old. All subjected are administered with the second dose by April 28, 2021. MVC will evaluate the safety and immunogenicity of the vaccine 28 days after administration pursuant to the laws and regulations and will apply for EUA to make it available for the public in Taiwan as soon as possible.

Currently, MVC is seeking cooperation opportunities with business partners in Asia and America. After applying for Taiwan EUA and satisfying domestic needs, MVC plans to carry out multination, multicenter phase III clinical trials to accelerate the application process for foreign drug licenses and put forth domestic and overseas market strategies.

2. EV71 vaccine:

MVC is the first company that has completed multination, multicenter phase III clinical trials in Taiwan and Vietnam. After collecting post-vaccination serum (1 year after vaccination) and analyzing laboratory data, MVC has completed data unblinding of immunogenicity on April 10, 2021, the results have met Taiwan's

statutory requirement. This shows that MVC's EV71 vaccine has a high level of safety and immunogenicity. MVC will file NDA to TFDA via the accelerated approval pathway, and obtain drug licenses and distribution channels in various target markets through the ASEAN Pharmaceutical Harmonization.

(2) Long- and middle-term business development plan:

1. Improvement of product pipelines
   In terms of dengue vaccines, MVC has completed the phase II clinical trial proof of concept (POC) and bridging study evaluation (BSE) and will initiate the multination, multicenter phase III clinical trial as planned, with the aim of launching products in multiple countries simultaneously.

2. Enhancement of international cooperation
   MVC also cooperates with innovative biotech companies including Vaxess and BlueWillow in the development of new vaccine dose forms, such as patches and nasal spray. In the future, MVC will continue to co-develop vaccines for new epidemic influenza bio-vaccines with top-notch academic research institutes, in order to improve product pipelines and establish comprehensive domestic and foreign market strategies.

3. Turnkey & total solution
   With the trend of the "domestic vaccine industry" in various countries, MVC aims to assist other countries that have no vaccine-manufacturing foundation through our own advantage in technology. In the future, MVC will help other companies in the cross-industry or technology upgrade through "Turnkey & Total solution." In this way, MVC may receive royalties from plant building in other countries and technology transfer and also fulfill the corporate social responsibility in the protection against epidemics.

II. Market and Sales Overview:

(I) Market analysis

(1) Regions where the main products (services) are provided (supplied)

Unit: NT$ thousands

Main products	2020	
	Amount	Proportion (%)
Domestic sales	11,507	100.00
Foreign sales	-	-
Total	11,507	100.00

(2) Market share

Main products of MVC: MVC is preparing to launch its COVID-19 vaccines and EV71 vaccines. There no sales as of now, and thus, there is no data on the market share.

(3) Future market supply, demand, growth potential, and niche

MVC's target market region is mainly divided into two main sectors, the domestic market, and regional market. MVC's priority is to suffice the domestic needs first and generate revenue by selling self-manufactured products in the domestic market. In the regional market, MVC plans to adopt the product cooperative sales plan and directly exports the manufactured products to the target markets.

1. MVC COVID-19 vaccine market supply, demand, growth potential, and niche

   Domestic COVID-19 vaccine market

   In the March 2021 report issued by the Ministry of Health and Welfare, in order to achieve herd immunity against COVID-19 among the public in Taiwan, the government plans to achieve a 60% administration rate. Therefore, it is planned to purchase at least 30 million doses (2 doses per person) through three different policies: "international investment," "domestically manufacturing," and "purchase from suppliers." As of March 2021, Taiwan has closed different contracts for a total of 30 million doses of COVID-19 vaccines: 4.76 million through COVAX; 10 million doses of AZ vaccines through vendors; 5.05 million doses of Moderna vaccines; and 10 million pre-ordered domestically manufactured vaccines. The domestically manufactured vaccines consist of 5 million doses under procurement contract and 5 million doses under open contract. Currently, there are only two domestic manufacturers, MVC and United Biomedical, that have entered phase II clinical trials. The domestic market will be supplied by these two suppliers first.

   <Overseas COVID-19 vaccine market>

   According to the PRNewsWire's report, the sales value of COVID-19 vaccines in 2020 is expected to reach US$ 35 billion, and maintain an annual growth rate of 6%. According to The New York Times, as of early April 2021, 660 million doses of COVID-19 vaccines have been administered around the world, which translates to only 8.7 doses per hundred people. Currently, no country in the world has yet met the criteria of herd immunity. The administration rate varies greatly among the countries. I.e. in Israel, 1 dose is administered on average to each person, while in other countries, no doses have been administered yet. Therefore, the viruses may continue to spread and variate in different regions.

   Currently, apart from the wild Wuhan variant strain, variants of COVID-19 are showing up around the world. Main variants of concern (VoC) include B1.617 (India), B1.1.7 (UK), and B1.351 (South Africa). As the variants have the main mutations in the receptor binding domain (RBD) and outside RBD regions, full-length spike protein can provide better protection against virus variants compared to other RBD antigen vaccines.

   In face of the uneven administration rate and fast variation in viruses, all countries are aiming to increase the administration rate. Besides, as the COVID-19 are

becoming influenza-like, and vaccines needed to be administered each year to inhibit the spread of the viruses, there may be a long-term demand market for COVID-19 vaccines.

Besides having a long-term demand market, the difference between COVID-19 vaccines and influenza vaccines is the transmissibility of the virus and demand volume of the vaccines. According to the data of WHO, the basic reproduction number (the expected number of cases generated by one infected case) of COVID-19 is around 2.5, which is 2.4 higher than general influenza. Thus, the demand for vaccines will also be multiple times of influenza vaccines. However, the mainstream viral vector vaccines that trigger adverse events such as blood clots may decrease the public's willingness to vaccination; mRNA vaccines need to be transported by high-cost cold-chain transportation under extremely low temperature, resulting in inconvenience in various aspects. These factors cause the promotion of vaccines to eventually come to a bottleneck. Therefore, in the long run, "higher safety level," "effectiveness against variants," and "convenience of transportation" are the features of future vaccines required to break through the current bottleneck.

<Competitive advantages of MVC COVID-19 vaccine>

Compared to domestic and overseas competitors, MVC's COVID-19 vaccine has the following six competitive advantages in the aspects, such as effectiveness, safety, the convenience of transportation, and production quality:

(1) MVC obtains the optimal antigen/adjuvant combination through large-scale animal study and adopts the US FDA approved CpG1018 adjuvant to induce the required Th1-biased immune response.

(2) High safety level: In early April 2021, MVC published its test analysis results of first-in-human phase I clinical study of MVC COVID-19 vaccine on MedRxiv. MVC had 45 subjects in phase I clinical studies and evaluated the safety of vaccines and immunogenicity under low, medium, and high dosage. The test analysis results showed that all subjects experienced only mild adverse events under all three levels of dosages. No subjects reported side effects such as fever. In the interim analysis, there are no significant adverse events, indicating that the vaccine has a high level of safety.

(3) Good immunogenicity. The interim analytic data of phase I clinical study showed that the geometric mean of antibody in subjects with low, medium, and high dosage was equivalent to that of COVID-19 patients' serum sample during convalescence. This indicated that the vaccine is able to induce excellent immunogenicity.

(4) Results also showed neutralizing antibody responses to UK and South Africa variants. In terms of protection against variants, MVC tested for the titers of neutralizing antibody in serum of the rats and the phase I subjects

against 4 types of pseudoviruses, which are wild virus, D614G, UK B.1.1.7, and South Africa B.1.351. The results showed that MVC COVID-19 Vaccine had similar results as other international major manufacturers.

(5) Cold-chain transportation: This vaccine can be stored at 2℃ ~ 8℃. Compared to the competitors' vaccines that require -20℃ ~ -80℃ cold-chain transportation, MVC's vaccines have the advantage of easier transportation.

(6) PIC/S GMP production quality: MVC's Hsinchu Manufacturing Facility is Taiwan's first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. The TFDA has on-site consultants based in the manufacturing plant, to supervise the manufacturing process of cell-cultured vaccines, and carries out factory inspection.

Although MVC's development of COVID-19 vaccines is behind that of its global rivals, MVC has its long-term competitiveness in safety, immunogenicity, protection against variants, the convenience of transportation, and production quality. MVC has completed the administration of the second dose on over 3,700 subjects by the end of April 2021, aiming to apply for Taiwan EUA in June, in order to achieve herd immunity in Taiwan as soon as possible.

2. EV71 vaccine market supply, demand, growth potential, and niche

Taiwan suffers from EV71 outbreaks every 2 - 4 years. Taiwan Centers for Disease Control indicated that "Most severe EV71 cases or deaths are children under 5 years old, accounting for more than 90% of severe cases of all diseases, with a fatality rate between 10.0% to 25.7%." Among infants, due to the lack of natural immunity, infants under 6 months of age have the highest severity rate and fatality rate among all age groups.

Although Taiwan's annual birth rate is on the decline, dipping to 165.249 thousand in the year 2021, long-term administration of EV71 vaccines is required for infants and young children urgently in order to establish the required herd immunity to eliminate the disease.

Currently, EV71 vaccines are only developed in China and Taiwan. Although 3 pharmaceutical companies in China have obtained China drug licenses, their EV17 vaccines are only administered to children from 6 months old to 6 years old, excluding high-risk children under 6 months. Also, due to the restriction of human-use vaccine import from China, a vaccine targeting infants under 6 months old are not yet available in the Taiwanese market.

There are 2 EV71 vaccine R&D companies in Taiwan. However, MVC is the only company that carries out multination, multicenter phase III clinical trials, and is the only vaccine development plan that has obtained actual data of infants of 2 to 6 months old. Besides, MVC is also the only company that adopts the three-dose

(2 priming doses and 1 booster dose) vaccine for high-risk infants under 6 months old to extend vaccine protection. MVC has its niche in vaccines and antibody drugs. The Hsinchu Manufacturing Facility has passed the PIC/S GMP factory inspection. It can not only provide a stable supply for domestic and foreign markets in the future but also fulfill the needs of the enormous number of newborn babies in emerging markets in ASEAN countries.

MVC will prioritize the domestic medical needs, and utilize the remaining production capacity in the ASEAN market. ASEAN countries have the advantages in high population, birth rate, and economic growth rate (i.e. annual number of birth of Malaysia: 600,000; Thailand: 760,000; Vietnam: 1,440,000). These countries also have similar climate and similar infectious diseases as Taiwan, and also suffer from EV71 outbreak every 2 - 4 years. Currently, there are no enterovirus vaccines available in ASEAN countries. They are untapped blue ocean markets and are an important marketing target for MVC.

<Six competitive advantages of MVC EV71 vaccines>

MVC's EV71 vaccine has six competitive advantages in the aspects such as effectiveness, safety, market strategy, and production quality:

(1) The only multination, multicenter phase III clinical verification development project in the world, to verify the vaccine protection against the subtype virus in ASEAN. MVC has completed the enrollment of more than 3,000 subjects for multination, multicenter phase III clinical trials in Taiwan and Vietnam simultaneously. It has also completed data unblinding of immunogenicity in April 2021.

(2) MVC is the only company that adopts the three-dose (2 priming dose and 1 booster dose) vaccine for high-risk children under 2 years old to extend vaccine protection. Thus, MVC has its niche in this vaccine for patients of severe cases. Due to the high infection fatality rate and greater change in weight among infants under 6 months old, MVC divides the subjects into three age groups: 2 to 6 months, 6 months to 2 years, and 2 to under 6 years, to evaluate the number of doses and track the vaccine protection.

(3) High safety level. In the phase III clinical trials, there are no significant adverse events, indicating that the vaccine has a high level of safety.

(4) Excellent immunogenicity. MVC completed multination, multicenter phase III data unblinding of immunogenicity on April 10, 2021, and titers of neutralizing antibody after 1 month, 6 months, and 1 year after the vaccines were administered were 99.5%, 97.9%, and 97.9%, respectively, which are far higher than the statutory requirement of 90%, 70%, and no recommended value, respectively.

(5) Cross reaction with virus subtypes. From the previous clinical trial data, MVC’s vaccine shows cross reaction with virus subtypes in China and

ASEAN countries, and this is MVC's niche in expanding into the China, Hongkong, Macau, and ASEAN markets.

(6) PIC/S GMP qualified quality and production capacity. The Hsinchu Manufacturing Facility has passed the PIC/S GMP factory inspection and has become the first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. It can not only provide a stable supply for domestic and foreign markets in the future but also fulfill the needs for the enormous number of newborn babies in emerging markets in ASEAN countries through mutual recognition agreements.

(4) Positive and negative factors relating to future development, and responses thereto

1. Positive factors

1.1 Supporting policies:

Global policies place more emphasis on the stability of demand and the long life cycle of the vaccine market: Due to COVID-19, many countries place more emphasis on establishing prevention policies and their own capacity for mass production of vaccines. Also, the demand for vaccines and biological products is relatively stable, not susceptible to economic fluctuations, and has a long product life cycle. Despite the high capital requirement in the early stages and high technical entry barriers, MVC is expecting a stable profit due to the lack of competitors and the increasing emphasis of international policies on the market demand.

1.2 International cooperation:

Close cooperation with internationally renowned institutes to fulfill the needs of the global medical needs: MVC's R&D Pipeline, such as EV71 vaccine, COVID-19 vaccine, and dengue vaccine, target the unmet medical needs, and thus MVC is able to fulfill the demand of the international market. Besides, MVC's technology comes from the cooperation with world-renowned research institutes, including Taiwan National Health Research Institutes, US NIH, and WHO, to ensure its product quality and technology advantages.

1.3 Cutting-edge manufacturing process:

Wide range of cell-culture manufacturing process and PIC/S GMP verified high quality: MVC adopts the new cell-culture manufacturing process, which solves the adverse factors of traditional production processes such as high contamination risks, and high equipment specificity. The new process can help to diversify the product pipeline and avoid concentration risk on a single product. In addition, MVC Hsinchu Manufacturing Facility is the first PIC/S GMP qualified cell-cultured vaccine manufacturing plant in Taiwan

that provides high vaccine quality. MVC will accelerate its entry into the global supply chain in the future through international certification mechanisms.

2. Negative factors

2.1 The decreasing birth rate is unfavorable to MVC's development of vaccines for infants.

Responses:

In 2020, Taiwan's annual birth rate dipped to 165 thousand, and Taiwan experienced its first negative population growth, resulting in a shrinking target group. However, MVC's products are high-quality new vaccines targeting regional or global epidemics, and thus this strategy of MVC is able to create market segregation. Besides, MVC also plans to extend into ASEAN countries with high demographic dividends and high economic development, targeting consumers with high spending power. Currently, MVC is planning multination, multicenter clinical plans.

2.2 Taiwan's biotech companies are relatively smaller in scale and no competition for international pharmaceutical companies.

Responses:

Taiwan has limited resources, and should concentrate them on high strategic industries with high economic values, such as vaccines. Compared to Japan, Korea, and China, Taiwan is well-positioned to develop into an important mass production base for the biotechnology and pharmaceutical industry in the Asia Pacific region, with its advantages in R&D, clinical verification, mass production capacity, and product quality. Due to the COVID-19 pandemic, the Taiwan government is establishing policies and regulations, and a suitable environment for biotech development, to amend laws and regulations, adjust mechanisms, invest resources, train talents, and promote R&D, with an aim to further promote the development of Taiwan's pharmaceutical industry. Therefore, after the product launch and achieving stable sales of MVC's main products in Taiwan's market, MVC plans to apply for foreign drug licenses and expand its distribution channels, in order to create MVC's international corporate image and improve the capability of capital-raising.

(II) Key functions and manufacturing process of main products

The Hsinchu Manufacturing Facility has passed the PIC/S GMP factory inspection and has become the first PIC/S GMP qualified cell-cultured vaccine manufacturing plant that has mass production capability. It can provide a stable supply for domestic and foreign markets in the future. MVC uses the "cell-culture technology" in the R&D and manufacturing of new vaccine products, and has two production lines, the "adherent cell culture process", and the "suspension cell culture process". Adherent cell culture process is mainly used for virus vaccines (enterovirus vaccine), for which, MVC has established the serum-free medium and cell bank of two mammalian cell strains, which are MDCK cell and Vero cells. On the other hand, the Hsinchu Manufacturing Facility uses the suspension cell culture process for the operation of CHO cells. This product line has installed the differential pressure transmitter, and under positive pressure, the facility can manufacture "recombinant protein drugs," such as COVID-19 subunit vaccine.

In terms of upstream and downstream manufacturing, MVC Hsinchu Manufacturing Facility has established a complete product line from raw materials to the mass production of final products. In terms of upstream antigen manufacturing, MVC has set up the single-use bioreactor process from lab-scale to commercial-scale. MVC can not only more accurately calibrate cell growth parameters, but also improves safety level and cleaning validation efficiency. In terms of the downstream manufacturing process, MVC optimized expanded the scale of the chromatographic purification process to greatly decrease mass production costs. Also, MVC Hsinchu Manufacturing Facility has PIC/S GMP qualified laboratory and filling and packaging production line, and is able to grasp the status of production and control product quality.

(III) Supply of key materials

MVC's key materials include culture media, adjuvants, and pre-filled syringes. MVC uses a cell-culture platform to manufacture its main products, such as EV71 vaccines, and COVID-19 vaccines, and thus the key materials are the "serum-free culture media" for the culture of cells, and adjuvants and syringes for filling. In 2020, MVC is still preparing for drug license application and has not yet started mass production. In order to meet the market needs, MVC has prepared the materials for COVID-19 vaccines.

(IV) List of major suppliers and customers

(1) A list of any suppliers accounting for 10 percent or more of MVC's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures: N/A. MVC is currently preparing for product launch and has not started commercial production.

(2) A list of any customers accounting for 10 percent or more of MVC's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or

decreases in the above figures: N/A. MVC is currently preparing for product launch and has not started commercial production.

(V) Production volume and value in the most recent two years: N/A. MVC is currently preparing for product launch and has not started commercial production.

(VI) Sales volume and value in the most recent two years: N/A. MVC is currently preparing for product launch and has not started commercial production.

III. Human Resources:

Year		2019	2020	Apr. 30, 2021
No. of employees	Researcher	59	67	77
	Manager	6	7	5
	Engineer	10	10	10
	General employee	25	29	29
	Total	100	113	121
Average age		38.34	38.98	38
Average service year		3.23	3.41	3.15
Academic distribution ratio	PhD	13	14	17
	Master's	60	62	63
	Bachelor's	26	36	40
	High school	1	1	1
	Below high school	-	-	-

IV. Environmental Protection Expenditure:

Total amount (including compensation) and penalties incurred due to environmental pollution in the most recent year up to the publication date of the Annual Report, and explanation of future responsive countermeasures (including improvement measures) and possible expenditures: Not applicable.

V. Labor Relations:

(I) List any employee benefit plans, continuing education, training, 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, continuing education, and training:
   A. All employees of MVC are enrolled in Labor Insurance, National Health Insurance, and Pension plan. In addition, the MVC also provides year-end bonuses, bonuses, employee education training, and group insurance.
   B. MVC prepares annual plans and budget plans, including festival gifts, employee gathering meals, annual company trips, and wedding and funeral subsidies, with an aim to provide support for the employees in order to encourage them to work together toward the development of MVC.
   C. Education training: MVC sends employees to external training or workshops at relative academic institutions when required, and regularly organizes internal education training to improve the professional skills of employees in order to create overall benefits for MVC and employees.

2. Retirement system:

   All employees of MVC are under the new labor retirement system, which is the defined contribution plan. The pension is appropriated in accordance with the "Monthly Contribution Wages Classification of Labor Pension" on a monthly basis, at no less than 6% of every employee's monthly pay, and deposit the pension to the individual's pension account.

3. Status of labor-management agreements and measures for preserving employees' rights and interests:

   MVC has established various channels for employees to voice their opinions to facilitate the harmony between the labor and management, and to understand the employees' opinions on the management system, supervisor leadership, welfare system, and working environment. Also, the formulation and amendments of material policies are effective only after sufficient discussion between the employees and management. Therefore, there is no occurrence of labor disputes.

(II) List any losses suffered by MVC in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent fiscal year and as of the up to the date of publication of the annual report, all necessary measures regarding labor-management relations are implemented in accordance with the relevant laws and regulations. Hence, the implementation of the new or amended measures is smooth. The new or amended measures for labor-management relations are resolved after the communication between MVC and its employees. Hence, there is no dispute.

VI. Major Contracts:

Contracting party, major content, restrictive clause, and commencement date and expiration date of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where the contracts were either effective as of the date of publication of the annual report or expired in the most recent year.

Nature of contracts	Contracting party	Contract duration	Contract content	Restrictions
Property lease	Hsinchu Science Park Bureau	2013/10/1 - 2032/9/30	The lease of land of Biomedical Park in Shixing Section, Zhubei, Hsinchu County	None
Technology licensing contract	National Health Research Institutes, Taiwan Centers for Disease Control	2023/06/28 - 25 years after the obtaining of the first drug license of EV71 vaccine	Technologies related to serum-free culture medium EV71 vaccine	Restricted technology sub-licensing
Technology licensing contract	National Health Research Institutes, Taiwan Centers for Disease Control	2023/06/28 - 25 years after the obtaining of the first drug license of EV71 vaccine	Licensing of the phase I clinical study results for EV71 vaccine.	1. Restricted technology sub-licensing 2. Phase II clinical study to be conducted in Taiwan
Technology licensing contract	National Health Research Institutes	2014/4/25 - 2029/4/24	Development data of pre-clinical study for serum-free culture medium human-use influenza vaccine H7N9.	Restricted technology sub-licensing
Cooperative development contract	UCAB, MABXIENC, SPIMACO, and LIBBS	2016/03 - Completion of development and clinical trials.	Development of biosimilars against respiratory syncytial virus (RSV) among infants.	None
Technology licensing contract	U.S. National Health Research Institutes	2016/11 - 12 years after product launch	Obtaining of the rights to develop, manufacture, sell and sub-license dengue vaccines in 26 countries.	-
Supply contracts	(Korea) GC Pharma (Green Cross Corporation, GCC)	2018/04/23 - 10 years after product launch	An exclusive agent for GCC's quadrivalent influenza vaccine in the Taiwan market and rights to sell the vaccines by purchasing from GCC in form of finished goods or under MVC's brand by MVC's filling process.	-
Technology licensing contract	U.S. National Health Research Institutes	2020/05 - 20 years after product launch	Obtaining of the complete market rights to develop, manufacture, sell and import NIH COVID-19 vaccines in the world.	Restricted technology sub-licensing
Supply contracts	Dynavax Technologies Corp.	2021/02/25 -	Stable supply of CpG 1018 adjuvant for MVC COVID-19 vaccines.	None

Chapter 6. Financial Information

I. Five-Year Financial Summary

(I) Condensed balance sheets and statements of comprehensive income

Condensed Balance Sheet - IFRS (consolidated)

Unit: NT$ thousands

Item \ Year		Financial summary for the last five years				
		2016	2017	2018	2019	2020
Current assets		337,395	646,128	772,420	518,929	2,009,680
Property, plant and equipment		1,349,316	1,392,492	1,322,070	1,331,975	1,159,857
Intangible assets		80,534	77,664	69,693	61,806	60,011
Other assets		50,163	20,208	18,979	364,354	261,266
Total assets		1,817,408	2,136,492	2,183,162	2,277,064	3,490,814
Current liabilities	Before distribution	36,820	109,698	137,545	227,827	160,975
	After distribution	36,820	109,698	137,545	227,827	Note 1
Non-current liabilities		311,081	505,716	433,550	682,454	188,429
Total liabilities	Before distribution	347,901	615,414	571,095	910,281	349,404
	After distribution	347,901	615,414	571,095	910,281	Note 1
Equity attributable to owners of parent		1,469,507	1,521,078	1,612,067	1,366,783	3,141,410
Share capital		1,225,000	1,368,150	1,555,240	1,560,258	2,110,988
Capital collected in advance		-	1,410	210	129,798	3,620
Capital surplus		635,823	491,808	532,957	294,575	2,319,154
Retained earnings	Before distribution	(391,316)	(340,290)	(476,340)	(617,718)	(1,291,998)
	After distribution	(391,316)	(340,290)	(476,340)	(617,718)	Note 1
Other equity interest		-	-	-	(130)	(354)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,469,507	1,521,078	1,612,067	1,366,783	3,141,410
	After distribution (Note 1)	1,469,507	1,521,078	1,612,067	1,366,783	Note 1

Note: The aforementioned “after distribution” is based on the resolution made by the shareholders' meeting held in the following year.

Condensed Balance Sheet - IFRS (parent-only)

Unit: NT$ thousands

Item \ Year		Financial summary for the last five years				
		2016	2017	2018	2019	2020
Current assets		337,395	646,128	772,420	513,768	2,005,724
Property, plant and equipment		1,349,316	1,392,492	1,322,070	1,331,975	1,159,857
Intangible assets		80,534	77,664	69,693	61,806	60,011
Other assets		50,163	20,208	18,979	369,306	265,096
Total assets		1,817,408	2,136,492	2,183,162	2,276,855	3,490,688
Current liabilities	Before distribution	36,820	109,698	137,545	227,618	160,849
	After distribution	36,820	109,698	137,545	227,618	Note 1
Non-current liabilities		311,081	505,716	433,550	682,454	188,429
Total liabilities	Before distribution	347,901	615,414	571,095	910,072	349,278
	After distribution	347,901	615,414	571,095	910,072	Note 1
Equity attributable to owners of parent		1,469,507	1,521,078	1,612,067	1,366,783	3,141,410
Share capital		1,225,000	1,368,150	1,555,240	1,560,258	2,110,988
Capital collected in advance		-	1,410	210	129,798	3,620
Capital surplus		635,823	491,808	532,957	294,575	2,319,154
Retained earnings	Before distribution	(391,316)	(340,290)	(476,340)	(617,718)	(1,291,998)
	After distribution	(391,316)	(340,290)	(476,340)	(617,718)	Note 1
Other equity interest		-	-	-	(130)	(354)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,469,507	1,521,078	1,612,067	1,366,783	3,141,410
	After distribution (Note 1)	1,469,507	1,521,078	1,612,067	1,366,783	Note 1

Note: The aforementioned “after distribution” is based on the resolution made by the shareholders' meeting held in the following year.

Condensed Comprehensive Income Statement - IFRS (consolidated)

Unit: NT$ thousands

Year / Item	Financial summary for the last five years				
	2016	2017	2018	2019	2020
Operation revenue	-	-	-	1,120	11,507
Gross profit	-	-	-	1,120	7,636
Income from operations	(219,581)	(336,039)	(466,336)	(603,912)	(763,881)
Non-operating income and expenses	9,997	(4,251)	(10,004)	(13,806)	89,601
Income before tax	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Net income from continuing operations	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Other comprehensive income (net, after tax)	-	-	-	(130)	(224)
Total comprehensive income	(209,584)	(340,290)	(476,340)	(617,848)	(674,504)
Net income attributable to shareholders of the parent	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to shareholders of the parent	(209,584)	(340,290)	(476,340)	(617,848)	(674,504)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	(1.84)	(2.64)	(3.17)	(3.97)	(3.61)

Condensed Comprehensive Income Statement - IFRS (parent-only)

Unit: NT$ thousands

Year / Item	Financial summary for the last five years				
	2016	2017	2018	2019	2020
Operation revenue	-	-	-	1,120	11,507
Gross profit	-	-	-	1,120	7,636
Operating income	(219,581)	(336,039)	(466,336)	(601,974)	(762,968)
Non-operating income and expenses	9,997	(4,251)	(10,004)	(15,744)	88,688
Income before tax	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Net income from operations of continued segments	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	(209,584)	(340,290)	(476,340)	(617,718)	(674,280)
Other comprehensive income (net, after tax)	-	-	-	(130)	(224)
Total comprehensive income	(209,584)	(340,290)	(476,340)	(617,848)	(674,504)
Net income attributable to shareholders of the parent	(209,584)	(340,290)	(476,340)	(617,848)	(674,504)
Net income attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent	(209,584)	(340,290)	(476,340)	(617,848)	(674,504)
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(1.84)	(2.64)	(3.17)	(3.97)	(3.61)

(II) Names of CPAs and audit opinions for the most recent 5 years:

Year	Accounting firm	CPAs	Audit Opinion
2020	PwC Taiwan	Ya-Hui Lin, Sheng-Wei Teng	Unqualified opinion
2019	PwC Taiwan	Ya-Hui Lin, Sheng-Wei Teng	Unqualified opinion
2018	PwC Taiwan	Ya-Hui Lin, Sheng-Wei Teng	Unqualified opinion
2017	PwC Taiwan	Min-Chuan Feng, Sheng-Wei Teng	Unqualified opinion
2016	PwC Taiwan	Min-Chuan Feng, Sheng-Wei Teng	Unqualified opinion

II. Five-Year Financial Analyses

Financial analysis - IFRS (consolidated)

Item \ Year		Financial analysis for the last five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	19.14	28.80	26.16	39.98	10.01
	Ratio of long-term capital to property, plant and equipment	131.96	145.55	154.73	153.85	287.09
Solvency (%)	Current ratio	916.34	589.01	561.58	227.77	1,248.44
	Quick ratio	843.54	557.41	523.20	203.63	1,157.51
	Interest earned ratio	(99.04)	(48.80)	(45.17)	(31.30)	(40.07)
Operating performance	Accounts receivable turnover rate (times)	-	-	-	-	5.16
	Average collection period	-	-	-	-	71
	Inventory turnover rate (times)	-	-	-	-	0.09
	Account payables turnover rate (times)	-	-	-	-	0.14
	Average days in sales	-	-	-	-	4,046
	Property, plant and equipment turnover rate (times)	-	-	-	-	0.01
	Total asset turnover rate (times)	-	-	-	-	-
Profitability	Return on total assets (%)	(11.98)	(16.93)	(21.67)	(27.01)	(22.93)
	Return on equity (%)	(14.90)	(22.76)	(30.41)	(41.47)	(29.91)
	Ratio of income before tax to paid-in capital (%)	(17.11)	(24.87)	(30.63)	(39.59)	(31.94)
	Profit ratio (%)	-	-	-	(55,153)	(5,860)
	Earnings per share (NT$)	(1.84)	(2.64)	(3.17)	(3.97)	(3.61)
Cash flow	Cash flow ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
	Cash flow adequacy ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
	Cash reinvestment ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-

Explanations for significant changes in the most recent two years (over 20%):

(1) Financial structure:

The decrease in the 2020 debt ratio is mainly due to the decrease in bank loans through repayment and increase in cash and cash equivalents through cash capital increase. The increase in 2020 long-term capital to property, plant and equipment is mainly due to the increase in total equity from the issuance of new shares through cash capital increase.

(2) Solvency:

The increases in current ratio and quick ratio are mainly due to the repayment of bank loans and cash capital increase. The decrease in interest coverage ratio is mainly due to the increase in

R&D expenses.

(3) Operating performance:

The increases in account receivables turnover rate and average days for cash receipts are mainly due to the increase in sales revenue which resulted in an increase in relevant receivables. The decrease in inventory and account payables turnover rate and the increase in average days in sales are mainly due to the significant increase in inventory compared to that in the previous year.

(4) Profitability:

The increase in total assets and total equity is mainly due to the cash capital increase in the current year. The increase in profitability is mainly due to the increase in operating revenue compared to that in the previous year.

(5) Cash flow:

All of the Company's operating activities are cash outflows.

Note 1: N/A. All operating activities are cash outflows.

Note 2: The aforementioned financial statements are certified or audited by CPAs.

Financial analysis - IFRS (parent-only)

Item	Year	Financial analysis for the last five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	19.14	28.80	26.16	39.97	10.01
	Ratio of long-term capital to property, plant and equipment	131.96	145.55	154.73	153.85	287.09
Solvency (%)	Current ratio	916.34	589.01	561.58	225.72	1,246.96
	Quick ratio	843.54	557.41	523.20	201.55	1,155.96
	Interest earned ratio	(99.04)	(48.80)	(45.17)	(31.30)	(40.07)
Operating performance	Account receivables turnover rate (times)	-	-	-	-	5.16
	Average collection period	-	-	-	-	71
	Inventory turnover rate (times)	-	-	-	-	0.09
	Account payables turnover rate (times)	-	-	-	-	0.14
	Average days in sales	-	-	-	-	4,046
	Property, plant and equipment turnover rate (times)	-	-	-	-	0.01
	Total asset turnover rate (times)	-	-	-	-	-
Profitability	Return on assets (%)	(11.98)	(16.93)	(21.67)	(27.01)	(22.93)
	Return on equity (%)	(14.90)	(22.76)	(30.41)	(41.47)	(29.91)
	Ratio of income before tax to paid-in capital (%)	(17.11)	(24.87)	(30.63)	(39.59)	(31.94)
	Profit ratio (%)	-	-	(55,153)	(27,393)	(5,860)
	Earnings per share (NT$)	(1.84)	(2.64)	(3.17)	(3.97)	(3.61)
Cash flow	Cash flow ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
	Cash flow adequacy ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
	Cash reinvestment ratio (%)	Note 1	Note 1	Note 1	Note 1	Note 1
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-

Explanations for significant changes in the most recent two years (over 20%):

(1) Financial structure:

The decrease in the 2020 debt ratio is mainly due to the decrease in bank loans through repayment and increase in cash and cash equivalents through cash capital increase. The increase in 2020 long-term capital to property, plant and equipment is mainly due to the increase in total equity from the issuance of new shares through cash capital increase.

(2) Solvency:

The increases in current ratio and quick ratio are mainly due to the repayment of bank loans and cash capital increase. The decrease in interest coverage ratio is mainly due to the increase

in R&D expenses.

(3) Operating performance: The increases in account receivables turnover rate and average days for cash receipts are mainly due to the increase in sales revenue which resulted in an increase in relevant receivables. The decrease in inventory and account payables turnover rate and the increase in average days in sales are mainly due to the significant increase in inventory compared to that in the previous year.

(4) Profitability:
The increase in total assets and total equity is mainly due to the cash capital increase in the current year. The increase in profitability is mainly due to the increase in operating revenue compared to that in the previous year.

(5) Cash flow:
All of the Company's operating activities are cash outflows.

Note 1: N/A. All operating activities are cash outflows.
Note 2: The aforementioned financial statements are certified or audited by CPAs.
Note 3: The calculation formulas adopted 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 property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
   (3) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.
3. Operating ability
   (1) Receivables (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) Payables (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
   (6) Property, plant and equipment turnover rate = Net sales / Average net property, plant, and equipment
   (7) Total asset 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 parent company - Preferred shares dividends) / Weighted average number of shares issued

5. Cash flow

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

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income

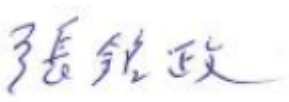
(2) Financial leverage = Operating income / (Operating income - Interest expenses)

III. Supervisors’ or Audit Committee's Report for the Most Recent Year

Medigen Vaccine Biologics Corp.
Audit Committee Review Report

The Board of Directors has approved the Company's 2020 Financial Statements, of which the Financial Statements have been audited and certified by the independent auditors, Ya-Hui Lin and Sheng-Wei Teng, of PwC Taiwan. We have examined the Company's 2020 Financial Statements, Business Report, and the proposal for Statements of Deficit Compensation. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Medigen Vaccine Biologics Corp.

Convener of the Audit Committee: Ming-Cheng Chang 

Mar. 5, 2021

IV. Financial Statements for the Most Recent Year:
Please refer to: Appendix A. 2020 Parent Company Only Financial Statements for the Most Recent Fiscal Year Certified by CPAs
Appendix B. 2020 Consolidated Financial Statements for the Most Recent Fiscal Year Certified by CPAs

V. Parent Company Only Financial Statements for the Most Recent Year Certified by CPAs:
Please refer to: Appendix A. 2020 Parent Company Only Financial Statements for the Most Recent Fiscal Year Certified by CPAs

VI. In the Most Recent 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.

Chapter 7. Review and Analysis on Financial Status, Financial Performance, and Risks

I. Financial Status

The material reasons for the significant changes in assets, liabilities, and shareholders' equity in the most recent two years. If the impact is significant, the future response plan shall be stated:

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	2,009,680	518,929	1,490,751	287
Property, plant and equipment	1,159,857	1,331,975	(172,118)	(13)
Intangible assets	60,011	61,806	(1,795)	(3)
Other assets	261,266	364,354	(103,088)	(28)
Total assets	3,490,814	2,277,064	1,213,750	53
Current liabilities	160,975	227,827	(66,852)	(29)
Non-current liabilities	188,429	682,454	(494,025)	(72)
Total liabilities	349,404	910,281	(560,877)	(62)
Share capital - common stock	2,110,988	1,560,258	550,730	35
Capital collected in advance	3,620	129,798	(126,178)	(97)
Capital surplus	2,319,154	294,575	2,024,579	687
Accumulated deficit	(1,291,998)	(617,718)	(674,280)	109
Other equity interest	(354)	(130)	(224)	172
Total equity	3,141,410	1,366,783	1,774,627	130

1. Main reasons and analysis on the impact of changes (changes greater than 20% or with an amount of more than NT$ 10 million):
   (1) Current assets: The increase in the current year is mainly due to the receipt of cash through issuance of cash resulting in an increase in cash and cash equivalent.
   (2) Other assets: The decrease in the current year is mainly due to the disposal of the cell-processing center and de-recognization of relevant right-of-use assets of office leases.
   (3) Current liabilities: The decrease in the current year is due to the full repayment of the current portion of long-term borrowings.
   (4) Non-current liabilities: The decrease in the current year is mainly due to the full repayment of long-term borrowings, the disposal of the cell-processing center, and de-recognization of relevant lease liabilities for offices.
   (5) Shares through cash capital increase: The increase in the current year is mainly due to the issuance of new shares through cash capital increase.
   (6) Capital collected in advance: The decrease in the current year is mainly due to the transfer of 2019 cash capital collected in advance into share capital - common stock.
   (7) Capital surplus: The increase in the current year is mainly due to the premium of issuance of new shares through cash capital increase.
   (8) Accumulated deficit: The increase in losses is mainly due to the increase in 2020 R&D expenses.
2. Where the effect is of material significance, describe the measures to be taken in response: None.

II. Financial Performance

1. The reasons for the significant changes in operating revenue, operating profit and net profit before tax for the most recent 2 years, projected sales volume and the basis thereto, and the possible impacts on the financial operations and countermeasures:

Unit: NT$ thousands

Item \ Year	2020	2019	Amount	%
Gross sales	11,507	1,120	10,387	927
Less: Sales return and allowance	-	-	-	-
Net sales	11,507	1,120	10,387	927
Operating costs	3,871	-	3,871	-
Gross profit	7,636	1,120	6,516	582
Operating expenses	771,517	605,032	166,485	28
Operating profit (loss)	(763,881)	(603,912)	(159,969)	26
Non-operating income and expenses	89,601	(13,806)	103,407	(749)
Net loss before income tax	(674,280)	(617,718)	(56,562)	9
Income tax expense	-	-	-	-
Net loss	(674,280)	(617,718)	(56,562)	9

Main reasons and analysis on the impact of changes (changes greater than 20% or with an amount of more than NT$ 10 million):

1. The increase in R&D expenses is mainly due to the starting of clinical trials for the Company's products. Currently, the Company has revenue from the test services and sales of COVID-19 PCR test kits. However, such revenue is insufficient to cover the operating expenses. Thus, the Company is currently operating at a loss.
2. The increase in non-operating income and expenses is mainly due to the receipt of grants from the Ministry of Economic Affairs for the development plan of the clinical trials for EV71 vaccine, and from the Ministry of Health and Welfare for the development plan for COVID-19 vaccines.

2. The projected sales volume and the basis thereto, and the possible impacts on the financial operations and countermeasures:

(1) Sales volume forecast for the coming year and basis thereto

MVC's COVID-19 vaccine has entered the phase II clinical trial, completed the enrollment of more than 3,700 subjects by the end of Q1, and completed the administration of the second dose on all subjects in April. MVC plans to carry out data analysis at the end of May, apply for Taiwan EUA by the end of June, and follow the domestic vaccination plan the second half of the year to increase the vaccination rate of Taiwan.

(2) The possible impacts on the financial operations and countermeasures:

MVC will be taking a more prudent approach toward all capital planning before carrying out its business plans and accelerate the procedure of the launch of vaccines to generate profits and revenues.

III. Analysis of Cash Flow

(I) Analysis of changes in cash flow for the most recent year

Unit: NT$ thousands

Item \ Year	2020	2019	% of change
Net cash inflow (outflow) from operating activities	(589,970)	(462,646)	28
Net cash inflow (outflow) from investing activities	(76,298)	381,465	(120)
Net cash inflow (outflow) from financing activities	1,935,293	274,855	604

Analysis of changes in cash flow:

(1) Operating activities:
The increase in cash outflow from 2019 to 2020 is mainly due to the increase in R&D expenses.

(2) Investing activities:
The decrease in cash inflow from 2019 to 2020 is mainly due to the termination of 2019 time deposits (with deposit term of more than 3 months) resulting in a cash inflow.

(3) Financing activities:
The increase in cash inflow from 2019 to 2020 is mainly due to the collection of share capital in cash.

(II) Remedial plans for liquidity shortfalls: The Company has sufficient cash.

(III) Cash liquidity analysis for the coming year

Unit: NT$ thousands

Beginning balance	Estimated net cash flow from operating activities	Estimated net cash flows from investing and financing activities	Cash surplus (deficit)	Projected remedy for cash deficit	
				Investment plans	Financing plans
1,675,466	2,030,931	(181,334)	3,525,063	-	-

1. Analysis of changes in cash flow:
   (1) Operating activities: Revenue from sales of vaccines.
   (2) Investing and financing activities: Acquisition of equipment and machinery.
2. Projected remedial plans for cash deficit and liquidity analysis: N/A

The cash liquidity analysis is the best estimate based on the Company's current plans and the situations most likely to occur in the future. However, plans and economic environment may not turn out as expected, thus, there will be differences between actual results and estimates.

IV. Major Capital Expenditure Items: Please refer to Page 59-60.

V. Investment Policy for the Most Recent Year, Main Causes for Profits/Losses, Improvement and Investment Plans for the Coming Year: None.

VI. Risk Management and Evaluation:

(I) Effects of changes in interest rate, exchange rate, and inflation rate on the company’s income and countermeasures thereto:

1. Effects of changes in interest rate on the company’s income and countermeasures thereto:

The Company's interest expenses were NT$ 7,230 thousand and NT$ 9,958 thousand in the years 2020 and 2019, respectively. The interest expenses incurred from bank loans account for only a small portion of the Company's total expenses. The interest income is calculated based on the interest rate of bank deposits. The Company's interest incomes were NT$ 1,477 thousand and NT$ 4,706 thousand in the years 2020 and 2019, respectively, and have an insignificant influence on the Company's income. However, the Company takes corresponding measures toward the changes in market interest rates. Our financial units monitor the fluctuation of interest rates at all times and put forth the most suitable long- and short-term bank loan plans base on the actual capital needs, in order to decrease capital cost.

2. Effects of changes in exchange rate on the company's income and countermeasures thereto:

   Currently, most of the Company's payments are made in New Taiwan Dollars, and only certain payments for the acquisition of equipment or consultant fees are made in foreign currencies. Nonetheless, the amounts paid in foreign currencies are not significant. The Company's exchange gains were NT$ 4,149 thousand and NT$ 370 thousand in 2020 and 2019, respectively. The fluctuation in the exchange rate has no significant impact on the Company's income. Our financial units monitor the global financial situations and the fluctuation of exchange rates at all times and request our correspondent banks to provide professional consultation in order to grasp the trend of exchange rate.

   The Company has formulated the "Procedures for Acquisition and Disposal of Assets" in accordance with regulations provided by the Securities and Futures Bureau, Financial Supervisory Commission, stipulating the derivatives transactions, risk management, and supervisory and audit work.

3. Effects of changes in inflation rate on the company's income and countermeasures thereto:

   For the most recent year and up to the date of publication of the annual report, there is no occurrence of significant inflation. The Company's incomes for the past years were not significantly affected by inflation.

(II) Main reasons for the income generated from policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions, and response measures thereto to be taken in the future:

The Company is devoted to the development of its core businesses. It has not engaged in high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions in recent years. Also, the Company has formulated the "Procedures for Acquisition and Disposal of Assets," "Procedures for Loaning of Company Funds," and "Procedures for Endorsements & Guarantees." These procedures have been approved by the Shareholders' Meeting. The Company will carry out its activities accordingly when required in the future.

(III) Future R&D Plans and Expected R&D Expenditures:

The vaccines that have entered the late stages of clinical verifications include new vaccines such as COVID-19 vaccines and EV71 vaccines. The main R&D goal is to obtain drug licenses in Taiwan and Southeast Asian counties to provide required vaccine protections and obtain market revenues.

The future R&D expenses are planned according to the development schedule of the products. The Company will appropriate a certain percentage of its capital as R&D expenses based on the actual operating performance in order to maintain the Company's competitiveness.

(IV) The impact of significant changes in domestic and foreign policies and laws on the Company's financial operations and the countermeasures:

1. Domestic:

The government continued to support the domestic biotech and pharmaceutical industry, with the Ministry of Science and Technology, Executive Yuan as the cross-department coordinator. Starting in 2012, in line with the industrial and medical needs, the subsequent industrial promotion plan was renamed "Taiwan Biotech Industry Takeoff Promotion Initiative." The initiative will continue to improve the fundamental plan which was already showing results. The government coordinated the industrial demands, strengthened cross-departmental coordination, services, and consulting industries, integrated resources, promoted the industrialization of pharmaceutical products and medical equipment, and improved the international competitiveness of the industry. In terms of laws and regulations, relevant taxation laws were amended to be in line with the government's policies in promoting the development of the biotech industry. In 2007, the "Act For The Development Of Biotech And New Pharmaceuticals Industry," "Regulations Governing Tax Credit for biotech and new pharmaceutical company's expenditure in R&D talent training" and "Regulations Governing Application of Biotech and New Pharmaceuticals Company Shareholder Investment Tax Credits for Profit-Seeking Enterprise" were formulated and were beneficial to the Company's development of new drugs.

In terms of domestic vaccine policies, in October 2018, the Ministry of Health and Welfare has proposed the "Sufficing National Vaccine Funds and Promoting National Immunity Phase 3 Plan (2019-2023)." The central government planned to allocate NT$ 17 billion for the plan during the 5 year plan period. Based on the national vaccine fund, the 2018 procurement budget plan has exceeded NT$ 3.3 billion for the state-subsidized vaccine market coordinated by the Taiwan Centers for Disease Control. The compound annual growth rate (CAGR) from 2012 to 2018 reached 13.24%. The national vaccine policy actively strengthened the self-sufficient ability of domestic vaccines, and extend the inclusion of new vaccines in the state-subsidized vaccination. This has created a proactive and positive environment for the R&D of vaccines and future market strategy.

2. Overseas:

Currently, the Company's financial operations are not affected by international major policies and changes in the laws and regulations. The Company pays close attention to the policy and law changes at all times to respond in a timely manner.

(V) The impact of the changes in technology and industry on the Company's financial operations and the countermeasures:

Although the biotech industry has an extremely high entry threshold, long R&D period, and high R&D risk, the product life cycles are relatively longer and technology added-value is also relatively higher. The Company pays close attention to the development trend of new drugs R&D and the pharmaceutical industry, evaluates possible impacts, and carries out necessary adjustments to the strategy so that it is able to respond flexibly to the changes in technology and industry with the aim to avoid possible impacts.

(VI) The impact of the changes in the corporate image on the Company's risk management and the countermeasures:

Based on the philosophy of bringing a better life to humans through biotech, the Company is committed to fulfilling its corporate social responsibility, maintaining its good corporate image, pursuing sustainable operation, and maximizing the Company's performance and shareholders' interests.

(VII) Expected benefit, possible risks, and countermeasures of acquisition:

In the most recent year and up to the date of publication of the annual report, the Company has no plan to acquire another company. If there are events of acquisitions or plans of acquisition, such matters shall be handled in accordance with relevant laws and regulations, and the Company shall take a prudent approach in the evaluation and risk management, to achieve expected business growth and shareholders' interests, maximize the Company's overall benefit and minimize risks.

(VIII) Expected benefit, possible risks, and countermeasures of factory expansion:

The Company constructed a factory in Biomedical Park in Zhubei, for the manufacturing of vaccines and biological products. The factory is a PIC/S GMP qualified vaccine manufacturing plant and will become the first cell-cultured vaccine manufacturing plant that has mass production capability. The factory is capable of supplying products for commercial products and other services right away. The capital and advanced technology required for the construction of the biological product manufacturing plant and equipment are collected from the capital increase through the issuance of shares and fundraising at the capital market. The Company has no risk of insufficient capital. Also, the Company is actively expanding its business, to decrease the risk of insufficient production capacity.

(IX) Risks associated with any concentration of sales or purchasing operations and countermeasures:

Up to the date of publication of the annual report, all products are under development or clinical trials. The Company does not have products launched in the market. Thus, there are not yet any risks of concentration of sales or purchase.

(X) The impact, risks, and countermeasures of change of control and large-scale transfer of shares of directors, supervisors, or major shareholders holding more than 10% of the total Company's shares:

There is no event of a large-scale transfer of shares of directors, supervisors, or major shareholders holding more than 10% of the total Company's shares.

(XI) The impact, risks, and countermeasures of changes in management power on the Company:

In the most recent year and up to the date of publication of the annual report, there is no event of changes in management power of the Directors, Supervisors or major shareholders holding more than 10% of the Company's shares that may pose an influence on the Company's operation. Also, the Company has formulated comprehensive internal control systems and relative management regulations, to reduce the impact of changes in management power on the Company's operation.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other risks and countermeasures:

1. Risk of capital deficiency due to large capital needs for vaccine development.

   Responses:

   A Assistance and promotion of the government

   The biotech industry requires long-term and stable capital investment in the development and clinical trials of products, which is a huge burden on the capital operation of small-medium enterprises. Fortunately, the government provides subsidies for industrial technology plans and industry-academia cooperation plans. Also, the companies are encouraged to raise funds from the capital market in order to mitigate possible shortages of working capital. Therefore, the Company is actively obtaining various policy credits and entering the capital market through public offering.

   B Raising funds from the capital market

   In addition to the low financing cost and flexible financial operation, the capital market is also able to attract investment from strategic investors, and enhance the Company's ability in capital increase, business expansion, and recruiting of talents. Therefore, the Company's capital for the development of new drugs will be from the capital market.

2. Time-consuming clinical trials, and risk of failure

   Responses:

The success rate of vaccine development is much higher than that of the general new drugs. Nonetheless, there exists possible failure. In order to balance out the time-consuming clinical trials, and risk of failure, the Company has adopted a biosimilar product pipeline. The effectiveness and safety of the series of products have been verified by the market over the years, and the development of the products requires a shorter time and has a higher success rate. Currently, the Company is planning to obtain relevant licenses to accelerate the process of clinical trials and market sales, in order to create medium-low risk sales revenue.

3. Biological product technology belongs to the high-tech industry. The products and relevant production technology are protected by patents and data exclusivity. Therefore, there are risks of violating others' patents or intellectual property rights.

   Responses:

   The Company carries out comprehensive due diligence on patents to avoid any violation of others' patents. In practice, there is only a small number of vaccine development plans in the world. Before the Company launched its vaccine projects, it carries out patent search on major markets. As each vaccine project has its own specificity, patent search is not difficult. Due to the small number of vaccine development plans, it is easy to trace back to the origin for the prevention of patent violation. None of the development projects introduced by the Company was an early R&D product, and there has been a certain patent layout and related literature, and in case of infringement of patents by others, there is sufficient evidence such as license contracts, development records, or clinical trial data to carry out patent litigation.

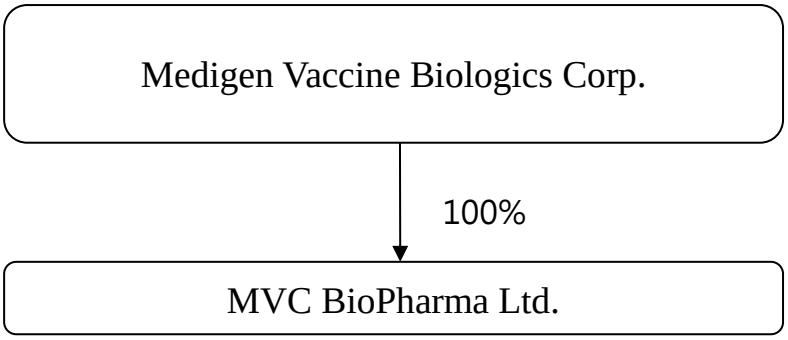
VII. Other Important Matters: None.

Chapter 8. Special Disclosure

I. Information on Affiliates:

(I) Consolidated business report

1. Structure of affiliates



2. Basic information of the company's affiliates

Names of affiliates	Date of incorporation	Address	Paid-in capital	Main business activities
MVC BioPharma Ltd.	2018.9.26	The Grand Pavilion Commercial Centre Oleander Way, 802 West Bay Road PO Box 32052, Grand Cayman KY1-1208 Cayman Islands	US$ 50,000 (2020.12.31 Exchange rate: 29.55)	Investment

3. Information for common shareholders of treated-as controlled companies and affiliates: None.

4. Industries covered by the business operation of the affiliates: None

5. Information on Directors, Supervisors and General Managers of affiliated enterprises:

Names of affiliates	Position	Name or Rep.	Shareholding	
			Number of shares	Percentage of ownership
MVC BioPharma Ltd.	Director	Shih-Chung Chang	-	0%
	Director	Tsan-Chien Chen	-	0%

6. Operating status of affiliates:

Dec. 31, 2020; Unit: NT$ thousands

Names of affiliates	Capital	Total assets	Total liabilities	net worth	Sales revenue	Operating profit	Income (after tax)	Earnings per share (NT$) (after tax)
MVC BioPharma Ltd.	US$ 50,000 (Exchange rate: 29.55)	4,126	126	4,000	-	(913)	(907)	(18.14)

(II) Consolidated financial statements:

Medigen Vaccine Biologics Corp.

Declaration of Consolidated Financial Statements of Affiliates

In 2020 (from January 1, 2020 to December 31, 2020), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. MVC hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Name of Company: Medigen Vaccine Biologics Corp.

Chairman: Shih-Chung Chang

Mar. 5, 2021

(III) Affiliation reports:

Medigen Vaccine Biologics Corp.

2020 Affiliation reports

1. Relationship between the subsidiaries and the controlling company

Unit: shares; %

Name of controlling company	Reason of control	Shareholding of controlling company			Directors, supervisors or managers appointed by the controlling company	
		Shares held	% of shares	Number of shares pledged	Position	Name
Medigen Biotech Corp.	Parent company that has controlling power over the Company	46,527,811	22.01%	12,600,000	Chairman Director	Shih-Chung Chang Ken-Hu Chang

Note: The shareholder information is as of December 29, 2020, provided by the Taiwan Depository Clearing Corp.

2. Description of transactions
   (1) Purchase (sale) of goods: None.
   (2) Property transactions: None.
   (3) Financing facility: None.
   (4) Asset leasing: None.
   (5) Other transactions: None.
3. Endorsement/guarantee: None.
4. Other matters having significant effects on the Company's finance and business: none.

II. Issuance of Private Placement Securities during the Most Recent Year and up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of the Company's Stock by Subsidiaries during the Most Recent Year and up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

V. Any Events during the Most Recent Year and up to the Date of Publication of the Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2 Paragraph 3 of Article 36 of Securities and Exchange Act: None.

Appendix A. 2020 Parent Company Only Financial Statements for the Most Recent Year Certified by CPAs

MEDIGEN VACCINE BIOLOGICS CORPORATION

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2020 AND 2019

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Medigen Vaccine Biologics Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the parent company only financial statements for the year ended December 31, 2020 were as follows:

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Description

Refer to Note 4(16) for accounting policies on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Note 6(5) for details of property, plant and equipment, Note 6(6) for details of right-of-use assets, and Note 6(7) for details of intangible assets. As at December 31, 2020, the Company's property, plant and equipment, right-of-use assets and intangible assets at fair value amounted to NT$1,403,427 thousand, constituting 41% of total assets.

The Company measures recoverable amount based on the value in use. The evaluation of the value in use of each cash-generating unit involves management's subjective judgments, including the estimation of future cash flows and appropriate discount rates. We believe that the aforementioned assumptions are highly uncertain, and the estimated results have significant impact on the value in use. Therefore, we consider the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understand the reasonableness of the management's estimation process of the future cash flow of the Company.
2. Discuss financial forecasts with management and compare their reasonableness with historical results.
3. Review the reasonableness of assumptions such as sales revenue growth rate and gross margin, and the parameters of the discount rate used, including the reasonableness of risk-free rate of the cost of equity capital, the risk coefficient of the industry, and similarity assets return in the market.

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

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

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

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

Lin, Ya-Hui Teng, Sheng-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and 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.

MEDIGEN VACCINE BIOLOGICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1) and 8	$ 1,675,466	48	$ 405,460	18
1110	Financial assets at fair value through profit or loss - current	6(2)	53,170	2	53,230	2
1170	Accounts receivable, net		4,463	-	-	-
1200	Other receivables	6(25)	126,252	4	-	-
130X	Inventories		77,432	2	8,395	1
1410	Prepayments		17,302	-	2,898	-
1470	Other current assets		51,639	1	43,785	2
11XX	**Total current assets**		2,005,724	57	513,768	23
	Non-current assets					
1550	Investments accounted for using equity method	6(4)	4,000	-	5,131	-
1600	Property, plant and equipment	6(5) and 8	1,159,857	33	1,331,975	58
1755	Right-of-use assets	6(6)	183,559	6	331,077	15
1780	Intangible assets	6(7)	60,011	2	61,806	3
1990	Other non-current assets, others	6(1) and 8	77,537	2	33,098	1
15XX	**Total non-current assets**		1,484,964	43	1,763,087	77
1XXX	**Total assets**		$ 3,490,688	100	$ 2,276,855	100

(Continued)

MEDIGEN VACCINE BIOLOGICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8) and 7	$ -	-	$ 30,000	1
2150	Notes payable		597	-	32,420	2
2170	Accounts payable		21,179	1	1,899	-
2200	Other payables		136,632	4	77,311	4
2280	Current lease liabilities	6(26)	1,928	-	8,360	-
2320	Long-term liabilities, current portion	6(9), 7 and 8	-	-	77,078	3
2399	Other current liabilities, others		513	-	550	-
21XX	**Total current liabilities**		160,849	5	227,618	10
	Non-current liabilities					
2540	Long-term borrowings	6(9), 7 and 8	-	-	356,088	16
2580	Non-current lease liabilities	6(26)	185,854	5	326,366	14
2670	Other non-current liabilities, others		2,575	-	-	-
25XX	**Total non-current liabilities**		188,429	5	682,454	30
2XXX	**Total Liabilities**		349,278	10	910,072	40
	Equity					
	Share capital	6(12)				
3110	Common stock		2,110,988	61	1,560,258	68
3140	Capital collected in advance		3,620	-	129,798	6
	Capital surplus	6(11)(13)				
3200	Capital surplus		2,319,154	66	294,575	13
	Retained Earnings	6(14)				
3350	Accumulated deficit		(1,291,998)	(37)	(617,718)	(27)
	Other equity interest	6(15)				
3400	Other equity interest		(354)	-	(130)	-
3XXX	**Total equity**		3,141,410	90	1,366,783	60
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,490,688	100	$ 2,276,855	100

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

MEDIGEN VACCINE BIOLOGICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	$ 11,507	-	$ 1,120	-
5000	Operating costs		(3,871)	-	-	-
5900	Net operating margin		7,636	-	1,120	-
	Operating expenses	6(21)(22)				
6100	Selling expenses		(7,653)	-	-	-
6200	General & administrative expenses		(83,395)	-	(64,362)	-
6300	Research and development expenses		(679,556)	-	(538,732)	-
6000	Total operating expenses		(770,604)	-	(603,094)	-
6900	Operating loss		(762,968)	-	(601,974)	-
	Non-operating income and expenses					
7100	Interest income	6(17)	1,471	-	4,588	-
7010	Other income	6(18)	77,753	-	-	-
7020	Other gains and losses	6(19)	26,790	-	614	-
7050	Finance costs	6(20)	(16,419)	-	(19,126)	-
7070	Share of loss of associates and joint ventures accounted for using equity method	6(4)	(907)	-	(1,820)	-
7000	Total non-operating revenue and expenses		88,688	-	(15,744)	-
7900	**Loss before income tax**		(674,280)	-	(617,718)	-
7950	Income tax (expense) benefit	6(23)	-	-	-	-
8200	**Loss for the year**		($ 674,280)	-	($ 617,718)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(15)	($ 224)	-	($ 130)	-
8300	**Other comprehensive loss for the year**		($ 224)	-	($ 130)	-
8500	**Total comprehensive loss for the year**		($ 674,504)	-	($ 617,848)	-
	Earnings per share (in dollars)	6(24)				
9750	Basic earnings per share		($ 3.61)		($ 3.97)	

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

MEDIGEN VACCINE BIOLOGICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital		Capital Reserves				Other equity interest	
		Share capital - common stock	Capital collected in advance	Additional paid-in capital	Employee stock options	Others	Total unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity
Year ended December 31, 2019									
Balance at January 1, 2019		$ 1,555,240	$ 210	$ 504,393	$ 28,564	$ -	($ 476,340)	$ -	$ 1,612,067
Loss for the year		-	-	-	-	-	(617,718)	-	(617,718)
Other comprehensive loss	6(15)	-	-	-	-	-	-	(130)	(130)
Total comprehensive income		-	-	-	-	-	(617,718)	(130)	(617,848)
Capital surplus used to cover accumulated deficit	6(14)	-	-	(476,340)	-	-	476,340	-	-
Issuance of common stock for cash		-	129,798	207,678	-	-	-	-	337,476
Shares issued under employee stock plans	6(12)	5,018	(210)	4,390	(3,037)	-	-	-	6,161
Share-based payment transaction (Cash capital increase)	6(11)	-	-	-	5,700	-	-	-	5,700
Share-based payment transaction	6(11)	-	-	-	23,227	-	-	-	23,227
Balance at December 31, 2019		$ 1,560,258	$ 129,798	$ 240,121	$ 54,454	$ -	($ 617,718)	($ 130)	$ 1,366,783
Year ended December 31, 2020									
Balance at January 1, 2020		$ 1,560,258	$ 129,798	$ 240,121	$ 54,454	$ -	($ 617,718)	($ 130)	$ 1,366,783
Loss for the year		-	-	-	-	-	(674,280)	-	(674,280)
Other comprehensive loss	6(15)	-	-	-	-	-	-	(224)	(224)
Total comprehensive income		-	-	-	-	-	(674,280)	(224)	(674,504)
Issuance of common stock for cash	6(12)	540,000	(129,798)	1,952,323	-	-	-	-	2,362,525
Shares issued under employee stock plans	6(12)	10,730	3,620	44,426	(16,826)	-	-	-	41,950
Share-based payment transaction (Cash capital increase)	6(11)	-	-	41,307	(5,700)	-	-	-	35,607
Share-based payment transaction	6(11)	-	-	-	9,049	-	-	-	9,049
Others		-	-	-	(130)	130	-	-	-
Balance at December 31, 2020		$ 2,110,988	$ 3,620	$ 2,278,177	$ 40,847	$ 130	($ 1,291,998)	($ 354)	$ 3,141,410

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

MEDIGEN VACCINE BIOLOGICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 674,280)	($ 617,718)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(21)	102,270	98,699
Amortization of right-of-use assets	6(6)(21)	12,136	11,814
Amortization	6(7)(21)	7,848	7,970
Valuation loss(gain) on financial assets at fair value through profit or loss	6(2)(19)	60	(430)
Interest expense	6(20)	7,230	9,958
Interest expense on lease liabilities	6(6)(20)	9,189	9,168
Interest income	6(17)	(1,471)	(4,588)
Share-based payment	6(11)(22)	44,656	28,927
Recognition of losses on investments accounted for using equity method	6(4)	907	1,820
Transfer expense on property, plant, and equipment		129	5,081
Gains on disposals of property, plant, and equipment	6(19)	(19,730)	-
Gain on lease modification	6(6)(19)	(2,971)	-
Loss on disposal of investments	6(2)(19)	-	186
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	(50,268)
Accounts receivable, net		(4,463)	-
Other receivables		(252)	-
Inventories		(69,037)	1,775
Prepayments		(14,404)	-
Other current assets		(7,828)	(11,238)
Changes in operating liabilities			
Notes payable		(31,823)	32,307
Accounts payable		19,280	(2,409)
Other payables		48,584	32,401
Other current liabilities		(37)	77
Cash outflow generated from operations		(574,007)	(446,468)
Interest received		1,445	4,559
Interest paid		(16,419)	(19,126)
Net cash flows used in operating activities		(588,981)	(461,035)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		-	(196,000)
Repayment of financial assets at amortized cost		-	695,800
Acquisition of investments accounted for using equity method	6(4)	-	(7,081)
Acquisition of property, plant, and equipment	6(25)	(46,079)	(110,085)
Acquisition of intangible assets	6(7)	(6,053)	(83)
Proceeds from disposals of property, plant, and equipment	6(25)	29,692	-
Refundable deposits (recognised in "Other non-current assets")		(312)	(779)
Prepayments for equipment (recognised in "Other non-current assets")		(53,168)	(7,209)
Restricted assets(recognised in "Other non-current assets")		(386)	-
Net cash flows (used in) from investing activities		(76,306)	374,563
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	30,000	30,000
Repayments of short-term borrowings	6(26)	(60,000)	(10,000)
Repayments of long-term borrowings	6(26)	(433,166)	(80,617)
Repayments of the pirncipal lease liabilities	6(26)	(8,591)	(8,165)
Issuance of common stock for cash		2,362,525	337,476
Exercise of employee stock plan		41,950	6,161
Deposits received (recognised in "Other non-current assets")		2,575	-
Net cash flows from financing activities		1,935,293	274,855
Net increase in cash and cash equivalents		1,270,006	188,383
Cash and cash equivalents at beginning of year		405,460	217,077
Cash and cash equivalents at end of year		$ 1,675,466	$ 405,460

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

MEDIGEN VACCINE BIOLOGICS CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medigen Vaccine Biologics 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.) on October 22, 2012. The Company is primarily engaged in the research, development and wholesale of vaccine and biopharmaceutical, medical devices wholesale and retail, etc. Medigen Biotechnology Corporation holds 22.03% equity interest in the Company. Medigen Biotechnology Corporation is the Company's ultimate parent company.

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

The parent company only financial statements were authorised for issuance by the Board of Directors on March 5, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4.Summary of Significant Accounting Policies

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

(1)Compliance statement

The parent company only financial statements have been prepared in accordance with the "Regulations governing the Preparation of Financial Reports by Securities Issuers".

(2)Basis of preparation

A. Except for the following item, the parent company only financial statements have been prepared under the historical cost convention:

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

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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3)Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4)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.

(5)Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (within 3 months since acquired) are classified as cash equivalents.

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

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

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

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

(7)Financial assets at amortised cost

The Company'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.

(8)Accounts receivable

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

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

(9)Impairment of financial assets

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

(10)Derecognition of financial assets

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

(11)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.

(12)Investments accounted for using equity method/ subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealised gains or losses on transactions between the Company and subsidiaries have been

eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the company.

C. The Company's share of its subsidiaries'' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the company's share of losses in a subsidiaries equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in consolidated financial statements. Owners' equity in the parent only company financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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	5 ~ 50 years
Machinery and equipment	2 ~ 15 years
Testing equipment	3 ~ 10 years
Office equipment	5 years
Computer and communication equipment	5 years
Lease improvement	3 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

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

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

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

(15)Intangible assets

A. Computer Software

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

B. Professional Techniques

Professional techniques is stated at cost and amortised on a straight-line basis over its estimated useful life of 12-20 years.

C. Vaccine Patent

Vaccine patent is stated at cost and amortised on a straight-line basis over its estimated useful life of 15 years.

(16)Impairment of non-financial assets

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

should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17)Borrowings

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

(18)Notes and accounts payable

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

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

(19)Derecognition of financial liabilities

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

(20)Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21)Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22)Employee share-based payment

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

(23)Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent only company balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will

not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24)Share capital

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

(25)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.

(26)Revenue recognition

A. Sales of goods

(a)The Company manufactures and sells a range of virus diagnostic kits. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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 Company has objective evidence that all criteria for acceptance have been satisfied. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances, and only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

(b)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. Technical service revenue

The Comany provides technical service on cellular therapy product quality test and cell culture test. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised when the performance obligation is satisfied. For the contracts that the customers pay according to the

agreement of 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.

(27)Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company 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 Company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. 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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of property, plant, and equipment, right-of-use assets, and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific company of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of company strategy might cause material impairment on assets in the future.

6.Details of Significant Accounts

(1)Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 115	$ 115
Checking accounts and demand deposits	1,675,351	405,345
Time deposits	7,626	7,239
	1,683,092	412,699
Transfer to other non-current asset - restricted	(7,626)	(7,239)
	$ 1,675,466	$ 405,460

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

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

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 53,100	$ 53,100
Valuation adjustment	70	130
Total	$ 53,170	$ 53,230

A. The gain on financial assets at fair value through profit amounted to ($60) and $244 as at December 31, 2020 and 2019,respectively

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

(3)Financial assets at amortised cost

A. The gain (or loss) on interest of financial assets at amortised cost amounted to $1,028 and $2,788 for the years ended December 31, 2020 and 2019, respectively.

B. As at December 31, 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 financial assets at amortised cost held by the Company was $0.

C. The Company has no financial assets at amortised cost pledged to others.

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

(4)Investments accounted for using equity method

	2020	2019
At January 1	$ 5,131	$ -
Addition of investments accounted for using equity method	-	7,081
Share of profit or loss of investments accounted for using equity method	(907)	(1,820)
Changes in other equity items (Note 6(15))	(224)	(130)
At December 31	$ 4,000	$ 5,131

	December 31, 2020	December 31, 2019
MVC BioPharma Ltd.	$ 4,000	$ 5,131

Information relating to the Company and its subsidary is provided in the 2020 consolidated financial statements in Note 4(3).

(5)Property, plant and equipment

	2020							
	Buildings and Structures	Machinery and equipment	Testing equipment	Office equipment	Computers and communications equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,117,417	$ 307,216	$ 62,286	$ 2,953	$ 10,943	$ 1,887	$ 100,003	$ 1,602,705
Accumulated depreciation	(150,617)	(82,177)	(28,743)	(1,913)	(6,560)	(720)	-	(270,730)
	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
Opening net book amount	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
Additions	-	16,034	4,249	-	-	-	30,531	50,814
Disposals	-	(20,537)	(6,017)	-	(188)	(102,955)	(265)	(129,962)
Reclassifications	-	14,600	1,811	-	283	105,338	(112,732)	9,300
Depreciation charge	(54,211)	(31,598)	(10,752)	(591)	(2,284)	(2,834)	-	(102,270)
Closing net book amount	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857
At December 31								
Cost	$ 1,117,417	$ 313,092	$ 61,471	$ 2,953	$ 10,943	$ 1,887	$ 17,537	$ 1,525,300
Accumulated depreciation	(204,828)	(109,554)	(38,637)	(2,504)	(8,749)	(1,171)	-	(365,443)
	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857

	2019							
	Buildings and structures	Machinery and equipments	Testing equipment	Office equipment	Computers and communicating equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,113,465	$ 273,302	$ 54,821	$ 2,953	$ 9,800	$ 531	$ 39,229	$ 1,494,101
Accumulated depreciation	(96,457)	(52,201)	(17,585)	(1,323)	(4,410)	(55)	-	(172,031)
	$ 1,017,008	$ 221,101	$ 37,236	$ 1,630	$ 5,390	$ 476	$ 39,229	$ 1,322,070
Opening net book amount	$ 1,017,008	$ 221,101	$ 37,236	$ 1,630	$ 5,390	$ 476	$ 39,229	$ 1,322,070
Additions	2,062	1,463	7,465	-	229	1,356	100,003	112,578
Reclassifications	1,890	32,451	-	-	914	-	(39,229)	(3,974)
Depreciation charge	(54,160)	(29,976)	(11,158)	(590)	(2,150)	(665)	-	(98,699)
Closing net book amount	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
At December 31								
Cost	$ 1,117,417	$ 307,216	$ 62,286	$ 2,953	$ 10,943	$ 1,887	$ 100,003	$ 1,602,705
Accumulated depreciation	(150,617)	(82,177)	(28,743)	(1,913)	(6,560)	(720)	-	(270,730)
	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975

A. There are no borrowing costs capitalised as part of property, plant and equipment.

B. The significant components of buildings and structures include electromechanical air conditioning and fire protection engineering, which are depreciated over 5-15 years.

C. Reclassifications in current year represent transfers from prepaid equipment fee (recognised in “Other non-current assets”).

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

E. The Company was informed by the Ministry of Health and Welfare in February 2019 that the biologics manufacturer of the Company has met the Guide to Good Manufacturing Practice for Medicinal Products, and has officially acquired the PIC/S GMP certificate. The Company has completely obtained the authorization for the stock solution manufacture, sterile dosage vaccine injection filling, congregate/segregate, and lab operations for EV71 vaccine. The license number is (IMP)0460020.

(6)Leasing arrangements－lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 20 to 48 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Right-of-use asset - Land	$ 183,559	$ 180,067
Right-of-use asset - Buildings	-	151,010
	$ 183,559	$ 331,077

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation	Depreciation
Right-of-use asset - Land	$ 3,990	$ 3,831
Right-of-use asset - Buildings	8,146	7,983
	$ 12,136	$ 11,814

The movements of right-of-use assets of the Company during the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Land	Buildings	Total
Opening net book amount as at January 1	$ 180,067	$ 151,010	$ 331,077
Additions	-	8,928	8,928
Modifications	7,482	(151,792)	(144,310)
Depreciation charge	(3,990)	(8,146)	(12,136)
Closing net book amount as at December 31	$ 183,559	$ -	$ 183,559

	2019		
	Land	Buildings	Total
Opening net book amount as at January 1	$ 183,898	$ 158,993	$ 342,891
Depreciation charge	(3,831)	(7,893)	(11,724)
Closing net book amount as at December 31	$ 180,067	$ 151,100	$ 331,167

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

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 9,189	$ 9,168
Expense on short-term lease contracts	892	1,169
Gain or loss on lease modification	2,971	-

D. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $18,672 and $18,502, respectively.

(7)Intangible assets

	2020			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 19,920	$ 1,494	$ 94,575	$ 115,989
Accumulated amortisation and impairment	(7,564)	(1,433)	(45,186)	(54,183)
	$ 12,356	$ 61	$ 49,389	$ 61,806
Opening net book amount as at January 1	$ 12,356	$ 61	$ 49,389	$ 61,806
Additions	5,950	103	-	6,053
Amortisation charge	(1,502)	(41)	(6,305)	(7,848)
Closing net book amount as at December 31	$ 16,804	$ 123	$ 43,084	$ 60,011
At December 31				
Cost	$ 25,870	$ 1,597	$ 94,575	$ 122,042
Accumulated amortisation and impairment	(9,066)	(1,474)	(51,491)	(62,031)
	$ 16,804	$ 123	$ 43,084	$ 60,011

	2019			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 19,920	$ 1,411	$ 94,575	$ 115,906
Accumulated amortisation and impairment	(6,094)	(1,238)	(38,881)	(46,213)
	$ 13,826	$ 173	$ 55,694	$ 69,693
Opening net book amount as at January 1	$ 13,826	$ 173	$ 55,694	$ 69,693
Additions	-	83	-	83
Amortisation charge	(1,470)	(195)	(6,305)	(7,970)
Closing net book amount as at December 31	$ 12,356	$ 61	$ 49,389	$ 61,806
At December 31				
Cost	$ 19,920	$ 1,494	$ 94,575	$ 115,989
Accumulated amortisation and impairment	(7,564)	(1,433)	(45,186)	(54,183)
	$ 12,356	$ 61	$ 49,389	$ 61,806

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

	Year ended December 31, 2020	Year ended December 31, 2019
Administrative expenses	$ 36	$ 174
Research and development expenses	7,812	7,796
	$ 7,848	$ 7,970

B. No interest expense was capitalised as part of intangible assets in 2020 and 2019.

(8)Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019	Interest rate	Collateral
Bank borrowings				
Credit borrowings	$ -	$ 30,000	1.72%	None

Information in relation to the joint guarantor for the bank borrowings is provided in Note 7.

(9)Long-term borrowings

(December 31, 2020: None.)

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2019
Installment-repayment borrowings				
Secured borrowings	Principal and interest are repayable from December 31, 2015 to December 31, 2028	1.92%	Buildings and structures	$ 167,804
Secured borrowings	Interest is repayable from December 30, 2016 to December 30, 2017 monthly; principal and interest are repayable from December 30, 2017 to December 30, 2023	1.92%	Buildings and structures	179,354
Secured borrowings	Interest is repayable from December 29, 2017 to December 29, 2018 monthly; principal and interest are repayable from December 30, 2018 to December 29, 2024	1.92%	Machinery and equipments	86,008
Less: Current portion				(77,078)
				$ 356,088

Information in relation to the joint guarantor and assets pledged to others as collateral for bank borrowings is provided in Note 7 and Note 8.

(10)Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary 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 the defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019 were $4,999 and $4,722, respectively.

(11)Share-based payment

A. For the years ended December 31, 2020 and 2019, the Company and its parent company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
The Company				
Employee stock options (2014)	2015.4.30	1,500	6 years	2-4 years' service
Employee stock options (2017-1-1)	2017.7.19	2,135	6 years	2-4 years' service
Employee stock options (2017-1-2)	2018.4.18	365	6 years	2-4 years' service
Employee stock options (2018-1-1)	2018.11.5	3,035	6 years	2-4 years' service
Employee stock options (2018-1-2)	2019.8.13	465	6 years	2-4 years' service
Cash capital increase reserved for employee preemption (2019)	2019.11.25	3,000	0.1014 years	Vested immediately
Cash capital increase reserved for employee preemption (2020)	2020.9.24	1,826	0.0438 years	Vested immediately
Parent company				
Employee stock options	2014.6.9	70	6 years	2-4 years' service

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

	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	5,357	$ 33.04	5,845	$ 31.81
Options granted	-	-	465	27.65
Options exercised	(1,435)	29.23	(484)	12.72
Options expired	(207)	33.81	(469)	33.30
Options outstanding at December 31	3,715	34.47	5,357	33.04
Options exercisable at December 31	1,454	34.90	1,003	25.79

C. On June 30, 2020 and July 1, 2019, the Company's board of directors has resolved to increase capital, and reserved 10% for employee preemption. The compensation cost recognised in 2020 and 2019 was $35,607 and $5,700, respectively.

D. The Company recognised compensation cost due to options granted of $9,049 and $23,227 in 2020 and 2019, respectively.

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

	Year ended December 31, 2020	Year ended December 31, 2019
Equity-settled	$ 44,656	$ 28,927

F. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2020		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2015.4.30	2021.4.29	60	$ 12	212	$ 12
2017.7.19	2023.7.18	607	29.5	1,580	29.5
2018.4.18	2024.4.17	358	39.5	365	39.5
2018.11.5	2024.11.4	2,300	36.75	2,745	36.75
2019.8.13	2025.8.12	390	27.65	455	27.65

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

Type of arrangement	Grant date	Stock fair value (in dollars)	Exercise price (in dollars)	Expected volatility (note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
The Company								
Employee stock options (2014)	2015.4.30	$ 14.1	$ 12	36.46%	4 years	-	0.978%	$ 5.059
				36.29%	4.5 years	-	1.035%	5.284
				36.01%	5 years	-	1.101%	5.487
Employee stock options (2017-1-1)	2017.7.19	25.82	29.5	40.77%	4 years	-	0.7128%	7.27
				42.35%	4.5 years	-	0.7383%	8.12
				42.40%	5 years	-	0.7643%	8.64
Employee stock options (2017-1-2)	2018.4.18	39.45	39.5	40.05%	4 years	-	0.6595%	12.62
				39.65%	4.5 years	-	0.6909%	13.26
				40.14%	5 years	-	0.7242%	14.12
Employee stock options (2018-1-1)	2018.11.5	36.75	36.75	40.55%	4 years	-	0.7180%	11.94
				40.60%	4.5 years	-	0.7530%	12.66
				40.16%	5 years	-	0.7939%	13.22
Employee stock options (2018-1-2)	2019.8.13	27.65	27.65	39.13%	4 years	-	0.5253%	8.62
				39.15%	4.5 years	-	0.5308%	9.13
				39.16%	5 years	-	0.5395%	9.61
Cash capital increase reserved for employee preemption (2019)	2019.11.25	27.90	26	19.93%	0.1014 years	-	0.5230%	1.90
Cash capital increase reserved for employee preemption (2020)	2020.9.24	99.5	80	68.91%	0.0438 years	-	0.1553%	19.50
Parent company						-		
Employee stock options	2014.6.9	418	418	47.90%	6 years	-	1.16%	177.61

Note: The Company's expected price volatility rate was estimated by the stock volatility of same industry. The parent company's expected price volatility rate was estimated by the volatility of the monthly average price announced by Taipei Exchange.

(12)Share capital

A. As of December 31, 2020, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,110,988 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 (in thousands):

	2020	2019
At January 1	$ 156,026	$ 155,524
Employee stock options exercised last period but only registered this period	-	18
Employee stock options exercised	1,435	484
Employee stock options exercised this period but not yet registered	(362)	-
Cash capital increase	54,000	-
At December 31	$ 211,099	$ 156,026

B. The Board of Directors during its meeting on June 30, 2020 adopted a resolution for a cash capital increase of 24,000 thousand shares with a par value of $10 (in dollars) per share, at a premium issuance price of $80 (in dollars) per share. The capital increase base date was November 17, 2020. On December 4, 2020, the Company had completed the registration.

C. The Board of Directors during its meeting on July 1, 2019 adopted a resolution for a cash capital increase of 30,000 thousand shares with a par value of $10 (in dollars) per share, at a premium issuance price of $26 (in dollars) per share. The capital increase base date was January 31, 2020. On February 15, 2020, the Company had completed the registration.

(13)Capital surplus

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

(14)Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining

amount shall be set aside as legal reserve and the company shall set aside special reserve in accordance with the regulation or business requirements. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is issued in the form of stock dividends (including surplus and capital reserve allotment) or cash dividends. The board of directors considers the Company's operating results, capital requirements and the current year's surplus (less the required reserve) in proposing a surplus distribution which shall be approved by shareholders. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 50% of the total dividends distributable. If there is a capital expenditure plan in the future, the dividends will be distributed as stock dividends which shall be approved by the shareholders.

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. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On June 13, 2019, the shareholders adopted a resolution to offset capital surplus amounting to $476,360 against the deficit.

F. On June 13, 2020, the shareholders adopted a resolution for the 2019 deficit compensation.

(15)Other equity items

	2020	2019
	Currency translation	Currency translation
At January 1	($ 130)	$ -
Currency translation differences:		
–Subsidiary	(224)	(130)
At December 31	($ 354)	($ 130)

(16)Operating revenue

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2020	Inspection services	Sales revenue	Services	Total
Revenue from external customer contracts	$ 8,914	$ 2,021	$ 572	$ 11,507
Timing of revenue recognition				
At a point in time	$ 1,134	$ 2,021	$ 572	$ 3,727
Over time	7,780	-	-	7,780
	$ 8,914	$ 2,021	$ 572	$ 11,507

2019	Inspection services	Total
Revenue from external customer contracts	$ 1,120	$ 1,120
Timing of revenue recognition		
Over time	$ 1,120	$ 1,120

(17)Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income from bank deposits	$ 417	$ 1,771
Interest income from financial assets measured at amortised cost	1,028	2,788
Other interest income	26	29
	$ 1,471	$ 4,588

(18)Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Government grant income	$ 77,565	$ -
Other income	188	-
	$ 77,753	$ -

Government grant income is mainly from the Ministry of Economic Affairs subsidizing the phase three clinical trial development plan of Enterovirus 71 (EV71) vaccine and the Taiwan Centers for Disease Control subsidizing the COVID-19 vaccine development plan (details are provided in Note 9(2)).

(19)Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gains on disposals of property, plant and equipment	$ 19,730	$ -
Losses on disposals of investment property	-	(186)
Gains arising from lease modifications	2,971	-
Foreign exchange gains	4,149	370
(Losses) Gains on financial assets at fair value through profit or loss	(60)	430
	$ 26,790	$ 614

(20)Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense		
Bank borrowings	$ 7,230	$ 9,958
Lease liabilities	9,189	9,168
	$ 16,419	$ 19,126

(21)Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expense	$ 182,614	$ 147,078
Depreciation charges on property, plant and equipment	102,270	98,699
Depreciation charges on right-of use assets	12,136	11,814
Amortisation charges on intangible assets	7,848	7,970
	$ 304,868	$ 265,561

(22)Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 120,815	$ 101,282
Compensation cost of share-based payment	44,656	28,927
Labour and health insurance fees	8,493	8,076
Pension costs	4,999	4,722
Other personnel expenses	3,651	4,071
	$ 182,614	$ 147,078

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' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' and supervisors'

remuneration. If the company has accumulated deficit, it shall reserve the compensation amount in advance.

B. For the years ended December 31, 2020 and 2019, the Company did not accrue employees' compensation and directors' and supervisors' remuneration due to the accumulated deficit. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23)Income tax

A. For the years ended December 31, 2020 and 2019, the Company had no income tax expense and deferred tax assets.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ (134,856)	$ (123,544)
Expenses disallowed by tax regulation	531	895
Taxable loss not recognised as deferred tax assets	134,325	122,649
Income tax expense	$ -	$ -

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2020				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 349,696	$ 349,696	note

December 31, 2019				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 243,011	$ 243,011	note

Note: On September 19, 2014, the Company was approved by the Ministry of Economic Affairs as biotech new drug companies. The Company and its shareholders may apply incentives

under the "Act For The Development Of Biotech And New Pharmaceuticals Industry". The approval letter from the Ministry of Economic Affairs can be deducted within five years from the profit-making year after its issuance. As of December 31, 2020, the Company has no profit.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 671,624	$ 671,624	$ 671,624	2030
2019	609,285	609,285	609,285	2029
2018	471,283	471,283	471,283	2028
2017	338,424	338,424	338,424	2027
2016	208,301	208,301	208,301	2026
2015	180,129	180,129	180,129	2025
2014	107,468	107,468	107,468	2024
2013	76,436	76,436	76,436	2023
2012	22,000	22,000	22,000	2022

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ -	$ -

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

(24)Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 674,280)	186,987	($ 3.61)

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 617,718)	155,717	($ 3.97)

In 2020 and 2019, the Company incurred a net loss. As the potential common shares will have an anti-dilutive effect, the diluted earnings per share was not calculated.

(25)Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of property, plant and equipment	$ 50,814	$ 112,578
Add: Opening balance of payable on equipment	11,721	9,228
Less: Ending balance of payable on equipment	(16,456)	(11,721)
Cash paid during the year	$ 46,079	$ 110,085

B. Investing activities with partial cash received

	Year ended December 31, 2020	Year ended December 31, 2019
Disposal of property, plant and equipment	$ 149,692	$ -
Less: Ending balance of other receivables on equipment	(120,000)	-
Cash received during the year	$ 29,692	$ -

(26)Changes in liabilities from financing activities

	2020		
	Short-term borrowings	Long-term borrowings	Lease liabilities
At January 1	$ 30,000	$ 433,166	$ 334,726
Changes in cash flow from financing activities	(30,000)	(433,166)	(8,591)
Changes in other non-cash items	-	-	(138,353)
At December 31	$ -	$ -	$ 187,782

	2019		
	Short-term borrowings	Long-term borrowings	Lease liabilities
At January 1	$ 10,000	$ 513,783	$ 342,891
Changes in cash flow from financing activities	20,000	(80,617)	(8,165)
At December 31	$ 30,000	$ 433,166	$ 334,726

7. Related Party Transactions

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Medigen Biotechnology Corporation.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Stanley Chang	Chairman
Medigen Biotechnology Corporation	Parent company
Schweitzer Biotech Company Ltd.	Director
Winston Medical Supply Co., Ltd.	Same Group with the Company

(3) Significant related party transactions

The joint guarantor of the guarantee notes of bank borrowings is Stanley Chang in 2020 and 2019.

(4) Key management compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other short-term employee benefits	$ 9,707	$ 11,956
Post-employment benefits	144	216
Share-based payments	5,055	3,026
Total	$ 14,906	$ 15,198

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Time deposit - restricted (recognised in "Other non-current assets")	$ 7,626	$ 7,239	Security deposit of leasing
Buildings and Structures	680,559	713,843	Collateral for loans
Machinery and Equipments	153,127	164,020	Collateral for loans
	$ 841,312	$ 885,102	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. The Company signed a three party technical license agreement with Centers for Disease Control, Department of Health, Executive Yuan (now Taiwan Centers for Disease Control, CDC) and National Health Research Institute (NHRI) on June 28, 2013 for the development of Enterovirus Vaccine 71 (EV71). The Company has obtained the verified productive cell lines, EV71 virus strains, EV71 manufacturing documentations, and relevant documents which were submitted to Taiwan Food and Drug Administration (TFDA) by NHRI for the approval of phase I clinical trials, and the phase I clinical trial results and other research results. Under the contract, the Company shall pay milestone payments as the research progresses and net sales royalty when products are launched in the future. The Company has completed the enrollment of phase III multi-region clinical trail for EV71 vaccine on December 25, 2019.

B. The Company signed the license agreement with NHRI for the H7N9 novel influenza vaccine. The contract period is from April 25, 2014 through April 24, 2029. The contract includes authorized H7N9 novel influenza virus strains, vaccine manufacturing process, pre-clinical animal trials and other intellectual properties, and the complete rights to manufacture and sell the vaccine products in Taiwan. The Company has made payments as specified in the contract. The phase I and phase II clinical trials have passed the review by Taiwan CDC and approved for future reference.

C. The Company signed a R&D alliance contract with UCAB Research Center (Netherlands) and three other international pharmaceutical companies, MABXIENCE (Europe), SPIMACO (Middle East), LIBBS (South America), to develop a biosimilar to prevent RSV for infant and kids. The Company acquired commercial rights under this contract for selling, technology transfer, and production in Taiwan and other major countries in Asia. The Company will hereafter get involved in R&D alliances and clinical trial events; bear the expense altogether and share R&D and clinical results.

D. The Company contracted with United States National Institute of Health (NIH) on November 17, 2016 regarding the license agreement for the dengue fever vaccine, which granted the Company complete rights of R&D, manufacture, selling and re-authorization. There were 17 countries included in the original authorized region. On September 17, 2017, the rights for 9 additional countries were obtained, which has expanded the total authorized region to 26 countries. The Company is required to make a certain amount of royalty and milestone payment under the contract. The Company has completed phase II clinical trials and retrieved clinical trial reports.

E. The Company signed a global commercial COVID-19 vaccine license agreement with US NIH on May 5, 2020 in order to attain the complete rights for the R&D, manufacture, and sales of COVID-19 vaccine. Under the contract, the Company is required to pay a certain amount of royalty, milestone payment and sales royalty payment. The Company requested a phase II human clinical trial from TFDA on December 15, 2020, which after TFDA expert meetings on evaluation, the Company was authorized to conduct a phase II clinical trial on December 29,

2020.

F. The Company signed a "COVID-19 vaccine development" subsidy contract with Taiwan CDC on October 13, 2020. The execution of the contract begins from the approval of funding to June 30, 2021. Taiwan CDC will grant funding by terms based on the duration of the completion process milestone in phase I and phase II trials. The Company guarantees to prioritize enough supply to the Taiwan government in order to fulfill the demand to battle against the virus.

G. Capital expenditures contracted for but not yet incurred.

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 52,788	$ 75,005

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's capital management is based on the business scale of the Company's business, considering the future growth of the industry and product development, setting an appropriate market share, and planning the corresponding capital expenditures, and then calculating operating capital based on the financial operational plan, then finally considering the projected operating profit and cash flow from the competitiveness of products to determine the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss	$ 53,170	$ 53,230
Financial assets at amortised cost	$ 1,823,474	$ 422,118
	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost	$ 158,408	$ 574,795
Lease liabilities	$ 187,782	$ 334,726

Note: Financial assets at amortised cost include cash and cash equivalents, time deposits (more than three months), accounts receivable, other receivables, restricted assets and refundable deposits; financial liabilities at amortised cost include short-term borrowings, accounts and notes payable, other payables and long-term borrowings (including current portion).

B. Financial risk management policies

(a) The Company's activities expose to a variety of financial risks: market risk (including foreign

exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable events in the financial market and seeks to reduce the risks that potentially pose adverse effects on the Company's financial condition and performance.

(b) Risk management is executed by the Company's finance department by following policies approved by the Board of Directors. Through cooperation with the Company's operating units, finance department is responsible for identifying, evaluating and hedging financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific issues, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge foreign exchange risk exposure with the Company finance. In order to manage the exchange rate risk from future transactions and recognized assets and liabilities, the Company adopts natural hedging through the Company finance department. Exchange rate risk arises when future transactions, recognized assets or liabilities are recognised in foreign currency which is not the functional currency of the entity.

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

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 619	28.48	$ 17,629

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 722	29.98	$ 21,646

iii. The realised exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to $4,149 and $370, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 141	$ -

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 173	$ -

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity

securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company has investments in domestic beneficiary securities. The prices of beneficiary securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $532, respectively.

Cash flow and fair value Interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by $0 and $926, respectively. The main factor is that changes in interest expense results from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full of the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Company will only accept those banks and financial institutions with good credit ratings.

v. The Company adopts the following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; and the default occurs when the contract payments are past due over 90 days.

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

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

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

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

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

vii. The Company classifies customer's accounts receivable, in accordance with customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss. All accounts receivable of the Company in 2020 are not overdue.

viii. In 2020 and 2019, there was no case of customers' exceeding their credit limit, and the management did not expect any major losses due to a breach of contract by a counterparty.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company finance. Company finance monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company finance. Company finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2020 and 2019, the Company held money market position of $1,675,466 and $405,460, respectively, and financial assets at fair value through profit or loss - current of $53,170 and $53,230, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has undrawn borrowing facilities amounting to $0 and $ 20,000 at December 31, 2020 and 2019, respectively.

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

December 31, 2020	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Lease liabilities	$ 7,626	$ 343,152

December 31, 2019	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Lease liabilities	$ 17,333	$ 517,602
Long-term borrowings (including current portion)	84,954	375,463

Except for the above, the non-derivative financial liabilities of the Company are all expiring within one year.

(3) Fair value information

A. For the description of the fair value of the non-derivative financial assets and liabilities for the Company, please refer to Note 12 (2)1.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in beneficiary securities is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. As of December 31, 2020 and 2019, the Company's financial assets measured at fair value through profit and loss-current were $53,170 and $53,230, respectively. They are all level 1 open-end funds, and the market is quoted at net value.

D. The Company's accounting department has formulated financial instrument evaluation policies and procedures in compliance with International Financial Reporting Standards.

13. Supplementary Disclosures

(1) 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 $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: None.

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 3.

14. Segment Information

Not Applicable.

Medigen Vaccine Biologics Corporation

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

December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Medigen Vaccine Biologics Corporation	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,030	50,507	-	50,507	
Medigen Vaccine Biologics Corporation	Franklin Templeton SinoAm Emerging Markets Bond Fund A-TWD	-	Financial assets at fair value through profit or loss - current	303	2,663	-	2,663	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial Instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Medigen Vaccine Biologics Corporation

Information on investees

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman	Investing	$ 7,081	$ 7,081	50,000	100.00	$ 4,000	($ 907)	($ 907)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Medigen Vaccine Biologics Corporation

Major shareholders information

December 31, 2020

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Medigen Biotechnology Corporation	46,527,811	22.01

Note: The major shareholders information is provided by Taiwan Depository & Clearing Corporation. As of December 29, 2020, shareholders held more than 5% of the company's ordinary shares that have been delivered without physical registration.

Appendix B. 2020 Consolidated Financial Statements for the Most Recent Year Certified by CPAs

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Medigen Vaccine Biologics Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion

thereon, we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2020 were as follows:

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Description

Refer to Note 4(16) for accounting policies on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Note 6(4) for details of property, plant and equipment, Note 6(5) for details of right-of-use assets, and Note 6(6) for details of intangible assets. As at December 31, 2020, the Group's plant and equipment, right-of-use assets and intangible assets at fair value amounted to NT$1,403,427 thousand, constituting 40% of the consolidated total assets.

The Group measures recoverable amount based on the value in use. The evaluation of the value in use of each cash-generating unit involves management's subjective judgments, including the estimation of future cash flows and appropriate discount rates. We believe that the aforementioned assumptions are highly uncertain, and the estimated results have significant impact on the value in use. Therefore, we consider the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understand the reasonableness of the management's estimation process of the future cash flow of the group.
2. Discuss financial forecasts with management and compare their reasonableness with historical results.
3. Review the reasonableness of assumptions such as sales revenue growth rate and gross margin, and the parameters of the discount rate used, including the reasonableness of risk-free rate of the cost of equity capital, the risk coefficient of the industry, and similarity assets return in the market.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Medigen Vaccine Biologics Corporation as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Lin, Ya-Hui Teng, Sheng-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2021

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.

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1) and 8	$ 1,679,422	48	$ 410,621	18
1110	Financial assets at fair value through	6(2)				
	profit or loss - current		53,170	2	53,230	2
1170	Accounts receivable, net		4,463	-	-	-
1200	Other receivables	6(24)	126,252	4	-	-
130X	Inventories		77,432	2	8,395	1
1410	Prepayments		17,302	1	2,898	-
1470	Other current assets		51,639	1	43,785	2
11XX	**Total current assets**		2,009,680	58	518,929	23
	Non-current assets					
1600	Property, plant and equipment	6(4) and 8	1,159,857	33	1,331,975	58
1755	Right-of-use assets	6(5)	183,559	5	331,077	15
1780	Intangible assets	6(6)	60,011	2	61,806	3
1990	Other non-current assets	6(1) and 8	77,707	2	33,277	1
15XX	**Total non-current assets**		1,481,134	42	1,758,135	77
1XXX	**Total assets**		$ 3,490,814	100	$ 2,277,064	100

(Continued)

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7) and 7	$ -	-	$ 30,000	1
2150	Notes payable		597	-	32,420	2
2170	Accounts payable		21,179	1	1,899	-
2200	Other payables		136,758	4	77,520	4
2280	Current lease liabilities	6(25)	1,928	-	8,360	-
2320	Long-term liabilities, current portion	6(8), 7 and 8	-	-	77,078	3
2399	Other current liabilities		513	-	550	-
21XX	**Total current liabilities**		160,975	5	227,827	10
	Non-current liabilities					
2540	Long-term borrowings	6(8), 7 and 8	-	-	356,088	16
2580	Non-current lease liabilities	6(25)	185,854	5	326,366	14
2600	Other non-current liabilities		2,575	-	-	-
25XX	**Total non-current liabilities**		188,429	5	682,454	30
2XXX	**Total liabilities**		349,404	10	910,281	40
	Equity attributable to owners of parent					
	Share capital	6(11)				
3110	Common stock		2,110,988	61	1,560,258	68
3140	Capital collected in advance		3,620	-	129,798	6
	Capital surplus	6(10)(12)				
3200	Capital surplus		2,319,154	66	294,575	13
	Retained Earnings	6(13)				
3350	Accumulated deficit		(1,291,998)	(37)	(617,718)	(27)
	Other equity interest	6(14)				
3400	Other equity interest		(354)	-	(130)	-
31XX	**Equity attributable to owners of parent**		3,141,410	90	1,366,783	60
3XXX	**Total equity**		3,141,410	90	1,366,783	60
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,490,814	100	$ 2,277,064	100

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15)	$ 11,507	-	$ 1,120	-
5000	Operating costs		(3,871)	-	-	-
5900	Net operating margin		7,636	-	1,120	-
	Operating expenses	6(20)(21)				
6100	Selling expenses		(7,653)	-	-	-
6200	General and administrative expenses		(84,308)	-	(66,300)	-
6300	Research and development expenses		(679,556)	-	(538,732)	-
6000	Total operating expenses		(771,517)	-	(605,032)	-
6900	Operating loss		(763,881)	-	(603,912)	-
	Non-operating income and expenses					
7100	Interest income	6(16)	1,477	-	4,706	-
7010	Other income	6(17)	77,753	-	-	-
7020	Other gains and losses	6(18)	26,790	-	614	-
7050	Finance costs	6(19)	(16,419)	-	(19,126)	-
7000	Total non-operating income and expenses		89,601	-	(13,806)	-
7900	**Loss before income tax**		(674,280)	-	(617,718)	-
7950	Income tax (expense) benefit	6(22)	-	-	-	-
8200	**Loss for the year**		($ 674,280)	-	($ 617,718)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financila statements translation differences of foreign operations	6(14)	($ 224)	-	($ 130)	-
8300	**Other comprehensive loss for the year**		($ 224)	-	($ 130)	-
8500	**Total comprehensive loss for the year**		($ 674,504)	-	($ 617,848)	-
	Loss attributable to:					
8610	Owners of parent		($ 674,280)	-	($ 617,718)	-
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 674,504)	-	($ 617,848)	-
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		($ 3.61)		($ 3.97)	

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

Medigen Vaccine Biologics Corporation AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent							
		Capital		Capital Reserves				Other equity interest	
	Notes	Share capital - common stock	Capital collected in advance	Additional paid-in capital	Employee stock options	Others	accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
Year ended December 31, 2019									
Balance at January 1, 2019		$ 1,555,240	$ 210	$ 504,393	$ 28,564	$ -	($ 476,340)	$ -	$ 1,612,067
Loss for the year		-	-	-	-	-	(617,718)	-	(617,718)
Other comprehensive loss	6(14)	-	-	-	-	-	-	(130)	(130)
Total comprehensive income		-	-	-	-	-	(617,718)	(130)	(617,848)
Capital surplus used to cover accumulated deficit	6(13)	-	-	(476,340)	-	-	476,340	-	-
Issuance of common stock for cash		-	129,798	207,678	-	-	-	-	337,476
Shares issued under employee stock plans	6(11)	5,018	(210)	4,390	(3,037)	-	-	-	6,161
Share-based payment transaction (Cash capital increase)	6(10)	-	-	-	5,700	-	-	-	5,700
Share-based payment transaction	6(10)	-	-	-	23,227	-	-	-	23,227
Balance at December 31, 2019		$ 1,560,258	$ 129,798	$ 240,121	$ 54,454	$ -	($ 617,718)	($ 130)	$ 1,366,783
Year ended December 31, 2020									
Balance at January 1, 2020		$ 1,560,258	$ 129,798	$ 240,121	$ 54,454	$ -	($ 617,718)	($ 130)	$ 1,366,783
Loss for the year		-	-	-	-	-	(674,280)	-	(674,280)
Other comprehensive loss	6(14)	-	-	-	-	-	-	(224)	(224)
Total comprehensive income		-	-	-	-	-	(674,280)	(224)	(674,504)
Issuance of common stock for cash	6(11)	540,000	(129,798)	1,952,323	-	-	-	-	2,362,525
Shares issued under employee stock plans	6(11)	10,730	3,620	44,426	(16,826)	-	-	-	41,950
Share-based payment transaction (Cash capital increase)	6(10)	-	-	41,307	(5,700)	-	-	-	35,607
Share-based payment transaction	6(10)	-	-	-	9,049	-	-	-	9,049
Others		-	-	-	(130)	130	-	-	-
Balance at December 31, 2020		$ 2,110,988	$ 3,620	$ 2,278,177	$ 40,847	$ 130	($ 1,291,998)	($ 354)	$ 3,141,410

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 674,280)	($ 617,718)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(20)	102,270	98,699
Amortization of right-of-use assets	6(5)(20)	12,136	11,814
Amortization	6(6)(20)	7,848	7,970
Valuation loss (gain) on financial assets at fair value through profit or loss	6(2)(18)	60	(430)
Interest expense	6(19)	7,230	9,958
Interest expense on leasing liabilities	6(5)(19)	9,189	9,168
Interest income	6(16)	(1,477)	(4,706)
Gains on disposals of property, plant, and equipment	6(18)	(19,730)	-
Share-based payment	6(10)(21)	44,656	28,927
Transfer expense on property, plant, and equipment		129	5,081
Loss on disposal of investments	6(2)(18)	-	186
Gain on lease modification	6(5)(18)	(2,971)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	(50,268)
Accounts receivable, net		(4,463)	-
Other receivables		(252)	-
Inventories		(69,037)	1,775
Prepayments		(14,404)	-
Other current assets		(7,828)	(11,238)
Changes in operating liabilities			
Notes payable		(31,823)	32,307
Accounts payable		19,280	(2,409)
Other payables		48,502	32,612
Other current liabilities		(37)	75
Cash outflow generated from operations		(575,002)	(448,197)
Interest received		1,451	4,677
Interest paid		(16,419)	(19,126)
Net cash flows used in operating activities		(589,970)	(462,646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		-	(219,984)
Repayment of financial assets at amortized cost		-	719,784
Acquisition of property, plant, and equipment	6(24)	(46,079)	(110,085)
Acquisition of intangible assets	6(6)	(6,053)	(83)
Proceeds from disposals of property, plant, and equipment	6(24)	29,692	-
Refundable deposits (recognised in "Other non-current assets")		(304)	(958)
Prepayments for equipment (recognised in "Other non-current assets")		(53,168)	(7,209)
Restricted assets (recognised in "Other non-current assets")		(386)	-
Net cash flows (used in) from investing activities		(76,298)	381,465
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(25)	30,000	30,000
Repayments of short-term borrowings	6(25)	(60,000)	(10,000)
Repayments of long-term borrowings	6(25)	(433,166)	(80,617)
Repayment of the principal lease liabilities	6(25)	(8,591)	(8,165)
Issuance of common stock for cash		2,362,525	337,476
Exercise of employee stock plan		41,950	6,161
Deposits received (recognize in "Other non-current liabilities")		2,575	-
Net cash flows from financing activities		1,935,293	274,855
Changes in exchange rates		(224)	(130)
Net increase in cash and cash equivalents		1,268,801	193,544
Cash and cash equivalents at beginning of year		410,621	217,077
Cash and cash equivalents at end of year		$ 1,679,422	$ 410,621

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medigen Vaccine Biologics 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.) on October 22, 2012. The Company and its subsidiary (collectively referred herein as the "Group") are primarily engaged in the research, development and wholesale of vaccine and biopharmaceutical, medical devices wholesale and retail, etc. Medigen Biotechnology Corporation holds 22.03% equity interest in the Company. Medigen Biotechnology Corporation is the Group's ultimate parent company.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 5, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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 (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

(c) 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 non-controlling 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.

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

should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B.Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	MVC BioPharma Ltd.	Investing	100	100	(Note)

Note: On November 5, 2018, the Company's Board of Directors resolved to establish a holding company in Cayman islands, named MVC BioPharma Ltd. On February 26, 2019, the Company invested USD 30,000 in the subsidiary, and the subsidiary has been included in the Group's consolidated financial statements.

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.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are

presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

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

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

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(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 (within 3 months since acquired) are classified as cash equivalents.

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

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

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

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

(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) Accounts receivable

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

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

(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 (ECLs) if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime 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	5 ~ 50 years
Machinery and equipment	2 ~ 15 years
Testing equipment	3 ~ 10 years
Office equipment	5 years
Computer and communication equipment	5 years
Lease improvement	3 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 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 amount of the

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

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

(15) Intangible assets

A. Computer Software

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

B. Professional techniques

Professional techniques is stated at cost and amortised on a straight-line basis over its estimated useful life of 12-20 years.

C. Vaccine Patent

Vaccine patent is stated at cost and amortised on a straight-line basis over its estimated useful life of 15 years.

(16) 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. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

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

(18) Notes and accounts payable

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

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

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that

are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

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

(25) 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.

(26) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells a range of virus diagnostic kits. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances, and only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

(b) 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. Technical service revenue

The Group provides technical service on cellular therapy product quality test and cell culture test. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised when the performance obligation is satisfied. For the contracts that the customers pay according to the agreement of 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.

(27) 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.

(28) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are

continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of property, plant, and equipment, right-of-use assets, and intangible assets

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 115	$ 115
Checking accounts and demand deposits	1,679,307	410,506
Time deposits	7,626	7,239
	1,687,048	417,860
Transfer to other non-current asset - restricted	(7,626)	(7,239)
	$ 1,679,422	$ 410,621

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

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

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 53,100	$ 53,100
Valuation adjustment	70	130
	$ 53,170	$ 53,230

A. Net amounts recognised in gains (losses) in relation to financial assets at fair value through profit or loss are ($60) and $244 for the years ended December 31, 2020 and 2019, respectively.

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

(3) Financial assets at amortised cost

A. Amounts recognised in interest income in relation to financial assets at amortised cost are $1,028 and $2,884 for the years ended December 31, 2020 and 2019, respectively.

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were both $0.

C. The Group has no financial assets at amortised cost pledged to others.

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

(4) Property, plant and equipment

	2020							
	Buildings and Structures	Machinery and equipment	Testing equipment	Office equipment	Computers and communications equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,117,417	$ 307,216	$ 62,286	$ 2,953	$ 10,943	$ 1,887	$ 100,003	$ 1,602,705
Accumulated depreciation	(150,617)	(82,177)	(28,743)	(1,913)	(6,560)	(720)	-	(270,730)
	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
Opening net book amount	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
Additions	-	16,034	4,249	-	-	-	30,531	50,814
Disposals	-	(20,537)	(6,017)	-	(188)	(102,955)	(265)	(129,962)
Reclassifications	-	14,600	1,811	-	283	105,338	(112,732)	9,300
Depreciation charge	(54,211)	(31,598)	(10,752)	(591)	(2,284)	(2,834)	-	(102,270)
Closing net book amount	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857
At December 31								
Cost	$ 1,117,417	$ 313,092	$ 61,471	$ 2,953	$ 10,943	$ 1,887	$ 17,537	$ 1,525,300
Accumulated depreciation	(204,828)	(109,554)	(38,637)	(2,504)	(8,749)	(1,171)	-	(365,443)
	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857

	2019							
	Buildings and structures	Machinery and equipments	Testing equipment	Office equipment	Computers and communicating equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,113,465	$ 273,302	$ 54,821	$ 2,953	$ 9,800	$ 531	$ 39,229	$ 1,494,101
Accumulated depreciation	(96,457)	(52,201)	(17,585)	(1,323)	(4,410)	(55)	-	(172,031)
	$ 1,017,008	$ 221,101	$ 37,236	$ 1,630	$ 5,390	$ 476	$ 39,229	$ 1,322,070
Opening net book amount	$ 1,017,008	$ 221,101	$ 37,236	$ 1,630	$ 5,390	$ 476	$ 39,229	$ 1,322,070
Additions	2,062	1,463	7,465	-	229	1,356	100,003	112,578
Reclassifications	1,890	32,451	-	-	914	-	(39,229)	(3,974)
Depreciation charge	(54,160)	(29,976)	(11,158)	(590)	(2,150)	(665)	-	(98,699)
Closing net book amount	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975
At December 31								
Cost	$ 1,117,417	$ 307,216	$ 62,286	$ 2,953	$ 10,943	$ 1,887	$ 100,003	$ 1,602,705
Accumulated depreciation	(150,617)	(82,177)	(28,743)	(1,913)	(6,560)	(720)	-	(270,730)
	$ 966,800	$ 225,039	$ 33,543	$ 1,040	$ 4,383	$ 1,167	$ 100,003	$ 1,331,975

A. There are no borrowing costs capitalised as part of property, plant and equipment.

B. The significant components of buildings and structures include electromechanical air conditioning and fire protection engineering, which are depreciated over 5-15 years.

C. Reclassifications in current year represent transfers from prepaid equipment fee (recognised in “Other non-current assets”).

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

E. The Company was informed by the Ministry of Health and Welfare in February 2019 that the biologics manufacturer of the Company has met the Guide to Good Manufacturing Practice for Medicinal Products, and has officially acquired the PIC/S GMP certificate. The Company has completely obtained the authorization for the stock solution manufacture, sterile dosage vaccine injection filling, congregate/segregate, and lab operations for EV71 vaccine. The license number is (IMP)0460020.

(5) Leasing arrangements－lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 20 to 48 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Right-of-use asset - Land	$ 183,559	$ 180,067
Right-of-use asset - Buildings	-	151,010
	$ 183,559	$ 331,077

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation	Depreciation
Right-of-use asset - Land	$ 3,990	$ 3,831
Right-of-use asset - Buildings	8,146	7,983
	$ 12,136	$ 11,814

The movements of right-of-use assets of the Group during the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Land	Buildings	Total
Opening net book amount as at January 1	$ 180,067	$ 151,010	$ 331,077
Additions	-	8,928	8,928
Modifications	7,482	(151,792)	(144,310)
Depreciation charge	(3,990)	(8,146)	(12,136)
	$ 183,559	$ -	$ 183,559

	2019		
	Land	Buildings	Total
Opening net book amount as at January 1	$ 183,898	$ 158,993	$ 342,891
Depreciation charge	(3,831)	(7,893)	(11,724)
	$ 180,067	$ 151,100	$ 331,167

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

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 9,189	$ 9,168
Expense on short-term lease contracts	892	1,169
Gain or loss on lease modification	2,971	-

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $18,672 and $18,502, respectively.

(6) Intangible assets

	2020			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 19,920	$ 1,494	$ 94,575	$ 115,989
Accumulated amortisation and impairment	(7,564)	(1,433)	(45,186)	(54,183)
	$ 12,356	$ 61	$ 49,389	$ 61,806
Opening net book amount as at January 1	$ 12,356	$ 61	$ 49,389	$ 61,806
Additions	5,950	103	-	6,053
Amortisation charge	(1,502)	(41)	(6,305)	(7,848)
Closing net book amount as at December 31	$ 16,804	$ 123	$ 43,084	$ 60,011
At December 31				
Cost	$ 25,870	$ 1,597	$ 94,575	$ 122,042
Accumulated amortisation and impairment	(9,066)	(1,474)	(51,491)	(62,031)
	$ 16,804	$ 123	$ 43,084	$ 60,011

	2019			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 19,920	$ 1,411	$ 94,575	$ 115,906
Accumulated amortisation and impairment	(6,094)	(1,238)	(38,881)	(46,213)
	$ 13,826	$ 173	$ 55,694	$ 69,693
Opening net book amount as at January 1	$ 13,826	$ 173	$ 55,694	$ 69,693
Additions	-	83	-	83
Amortisation charge	(1,470)	(195)	(6,305)	(7,970)
Closing net book amount as at December 31	$ 12,356	$ 61	$ 49,389	$ 61,806
At December 31				
Cost	$ 19,920	$ 1,494	$ 94,575	$ 115,989
Accumulated amortisation and impairment	(7,564)	(1,433)	(45,186)	(54,183)
	$ 12,356	$ 61	$ 49,389	$ 61,806

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

	Year ended December 31, 2020	Year ended December 31, 2019
Administrative expenses	$ 36	$ 174
Research and development expenses	7,812	7,796
	$ 7,848	$ 7,970

B. No interest expense was capitalised as part of intangible assets in 2020 and 2019.

(7) Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019	Interest rate	Collateral
Bank borrowings				
Credit borrowings	$ -	$ 30,000	1.72%	None

Information in relation to the joint guarantor for the bank borrowings is provided in Note 7.

(8) Long-term borrowings

(December 31, 2020: None.)

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2019
Installment-repayment borrowings				
Secured borrowings	Principal and interest are repayable from December 31, 2015 to December 31, 2028	1.92%	Buildings and structures	$ 167,804
Secured borrowings	Interest is repayable from December 30, 2016 to December 30, 2017 monthly; principal and interest are repayable from December 30, 2017 to December 30, 2023	1.92%	Buildings and structures	179,354
Secured borrowings	Interest is repayable from December 29, 2017 to December 29, 2018 monthly; principal and interest are repayable from December 30, 2018 to December 29, 2024	1.92%	Machinery and equipments	86,008
Less: Current portion				(77,078)
				$ 356,088

Information in relation to the joint guarantor and assets pledged to others as collateral for bank borrowings is provided in Note 7 and Note 8.

(9) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary 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 the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $4,999 and $4,722, respectively.

(10) Share-based payment

A. For the years ended December 31, 2020 and 2019, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
The Group				
Employee stock options (2014)	2015.4.30	1,500	6 years	2-4 years' service
Employee stock options (2017-1-1)	2017.7.19	2,135	6 years	2-4 years' service
Employee stock options (2017-1-2)	2018.4.18	365	6 years	2-4 years' service
Employee stock options (2018-1-1)	2018.11.5	3,035	6 years	2-4 years' service
Employee stock options (2018-1-2)	2019.8.13	465	6 years	2-4 years' service
Cash capital increase reserved for employee preemption (2019)	2019.11.25	3,000	0.1014 years	Vested immediately
Cash capital increase reserved for employee preemption (2020)	2020.9.24	1,826	0.0438 years	Vested immediately
Parent company				
Employee stock options	2014.6.9	70	6 years	2-4 years' service

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

	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	5,357	$ 33.04	5,845	$ 31.81
Options granted	-	-	465	27.65
Options exercised	(1,435)	29.23	(484)	12.72
Options expired	(207)	33.81	(469)	33.30
Options outstanding at December 31	3,715	34.47	5,357	33.04
Options exercisable at December 31	1,454	34.90	1,003	25.79

C. On June 30, 2020 and July 1, 2019, the Company's board of directors has resolved to increase capital, and reserved 10% for employee preemption. The compensation cost recognised in 2020 and 2019 was $35,607 and $5,700, respectively.

D. The Group recognised compensation cost due to options granted of $9,049 and $23,227 in 2020 and 2019, respectively.

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

	Year ended December 31, 2020	Year ended December 31, 2019
Equity-settled	$ 44,656	$ 28,927

F. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2020		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2015.4.30	2021.4.29	60	$ 12	212	$ 12
2017.7.19	2023.7.18	607	29.50	1,580	29.50
2018.4.18	2024.4.17	358	39.50	365	39.50
2018.11.5	2024.11.4	2,300	36.75	2,745	36.75
2019.8.13	2025.8.12	390	27.65	455	27.65

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

Type of arrangement	Grant date	Stock fair value (in dollars)	Exercise price (in dollars)	Expected volatility (note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
The Group								
Employee stock options (2014)	2015.4.30	$ 14.10	$ 12.00	36.46%	4 years	-	0.978%	$ 5.059
				36.29%	4.5 years	-	1.035%	5.284
				36.01%	5 years	-	1.101%	5.487
Employee stock options (2017-1-1)	2017.7.19	25.82	29.50	40.77%	4 years	-	0.7128%	7.27
				42.35%	4.5 years	-	0.7383%	8.12
				42.40%	5 years	-	0.7643%	8.64
Employee stock options (2017-1-2)	2018.4.18	39.45	39.50	40.05%	4 years	-	0.6595%	12.62
				39.65%	4.5 years	-	0.6909%	13.26
				40.14%	5 years	-	0.7242%	14.12
Employee stock options (2018-1-1)	2018.11.5	36.75	36.75	40.55%	4 years	-	0.7180%	11.94
				40.60%	4.5 years	-	0.7530%	12.66
				40.16%	5 years	-	0.7939%	13.22
Employee stock options (2018-1-2)	2019.8.13	27.65	27.65	39.13%	4 years	-	0.5253%	8.62
				39.15%	4.5 years	-	0.5308%	9.13
				39.16%	5 years	-	0.5395%	9.61
Cash capital increase reserved for employee preemption (2019)	2019.11.25	27.90	26	19.93%	0.1014 years	-	0.5230%	1.90
Cash capital increase reserved for employee preemption (2020)	2020.9.24	99.50	80	68.91%	0.0438 years	-	0.1553%	19.50
Parent company						-		
Employee stock options	2014.6.9	418	418	47.90%	6 years	-	1.16%	177.61

Note: The Group's expected price volatility rate was estimated by the stock volatility of same industry. The parent company's expected price volatility rate was estimated by the volatility of the monthly average price announced by Taipei Exchange.

(11) Share capital

A. As of December 31, 2020, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,110,988 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 (in thousands):

	2020	2019
At January 1	$ 156,026	$ 155,524
Employee stock options exercised last period but only registered this period	-	18
Employee stock options exercised	1,435	484
Employee stock options exercised this period but not yet registered	(362)	-
Cash capital increase	54,000	-
At December 31	$ 211,099	$ 156,026

B. The Board of Directors during its meeting on June 30, 2020 adopted a resolution for a cash capital increase of 24,000 thousand shares with a par value of $10 (in dollars) per share, at a premium issuance price of $80 (in dollars) per share. The capital increase base date was November 17, 2020. On December 4, 2020, the Company had completed the registration.

C. The Board of Directors during its meeting on July 1, 2019 adopted a resolution for a cash capital increase of 30,000 thousand shares with a par value of $10 (in dollars) per share, at a premium issuance price of $26 (in dollars) per share. The capital increase base date was January 31, 2020. On February 15, 2020, the Company had completed the registration.

(12) Capital surplus

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

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining

amount shall be set aside as legal reserve and the company shall set aside special reserve in accordance with the regulation or business requirements. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is issued in the form of stock dividends (including surplus and capital reserve allotment) or cash dividends. The board of directors considers the Company's operating results, capital requirements and the current year's surplus (less the required reserve) in proposing a surplus distribution which shall be approved by shareholders. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 50% of the total dividends distributable. If there is a capital expenditure plan in the future, the dividends will be distributed as stock dividends which shall be approved by the shareholders.

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. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On June 13, 2019, the shareholders adopted a resolution to offset capital surplus amounting to $476,360 against the deficit.

F. On June 13, 2020, the shareholders adopted a resolution for the 2019 deficit compensation.

(14) Other equity items

	2020	2019
	Currency translation	Currency translation
At January 1	($ 130)	$ -
Currency translation differences:		
–Group	(224)	(130)
At December 31	($ 354)	($ 130)

(15) Operating revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2020	Inspection services	Sales revenue	Services	Total
Revenue from external customer contracts	$ 8,914	$ 2,021	$ 572	$ 11,507
Timing of revenue recognition				
At a point in time	$ 1,134	$ 2,021	$ 572	$ 3,727
Over time	7,780	-	-	7,780
	$ 8,914	$ 2,021	$ 572	$ 11,507

2019	Inspection services	Total
Revenue from external customer contracts	$ 1,120	$ 1,120
Timing of revenue recognition		
Over time	$ 1,120	$ 1,120

(16) Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income from bank deposits	$ 423	$ 1,793
Interest income from financial assets measured at amortised cost	1,028	2,884
Other interest income	26	29
	$ 1,477	$ 4,706

(17) Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Government grant income	$ 77,565	$ -
Other income	188	-
	$ 77,753	$ -

Government grant income is mainly from the Ministry of Economic Affairs subsidizing the phase three clinical trial development plan of Enterovirus 71 (EV71) vaccine and the Taiwan Centers for Disease Control subsidizing the COVID-19 vaccine development plan (details are provided in Note 9(2)).

(18) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gains on disposals of property, plant and equipment	$ 19,730	$ -
Losses on disposals of investment property	-	(186)
Gains arising from lease modifications	2,971	-
Foreign exchange gains	4,149	370
(Losses) Gains on financial assets at fair value through profit or loss	(60)	430
	$ 26,790	$ 614

(19) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense		
Bank borrowings	$ 7,230	$ 9,958
Lease liabilities	9,189	9,168
	$ 16,419	$ 19,126

(20) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expense	$ 182,614	$ 147,078
Depreciation charges on property, plant and equipment	102,270	98,699
Depreciation charges on right-of use assets	12,136	11,814
Amortisation charges on intangible assets	7,848	7,970
	$ 304,868	$ 265,561

(21) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 120,815	$ 101,282
Compensation cost of share-based payment	44,656	28,927
Labour and health insurance fees	8,493	8,076
Pension costs	4,999	4,722
Other personnel expenses	3,651	4,071
	$ 182,614	$ 147,078

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' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' and supervisors'

remuneration. If the company has accumulated deficit, it shall reserve the compensation amount in advance.

B. For the years ended December 31, 2020 and 2019, the Company did not accrue employees' compensation and directors' and supervisors' remuneration due to the accumulated deficit. Information about employees' compensation and directors' and supervisors' remuneration of the Company 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) Income tax

A. For the years ended December 31, 2020 and 2019, the Company had no income tax expense and deferred tax assets.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ (134,856)	$ (123,544)
Expenses disallowed by tax regulation	531	895
Taxable loss not recognised as deferred tax assets	134,325	122,649
Income tax expense	$ -	$ -

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2020				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 349,696	$ 349,696	note

December 31, 2019				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 243,011	$ 243,011	note

Note: On September 19, 2014, the Company was approved by the Ministry of Economic Affairs as biotech new drug companies. The Company and its shareholders may apply incentives

under the "Act For The Development Of Biotech And New Pharmaceuticals Industry". The approval letter from the Ministry of Economic Affairs can be deducted within five years from the profit-making year after its issuance. As of December 31, 2020, the Company has no profit.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 671,624	$ 671,624	$ 671,624	2030
2019	609,285	609,285	609,285	2029
2018	471,283	471,283	471,283	2028
2017	338,424	338,424	338,424	2027
2016	208,301	208,301	208,301	2026
2015	180,129	180,129	180,129	2025
2014	107,468	107,468	107,468	2024
2013	76,436	76,436	76,436	2023
2012	22,000	22,000	22,000	2022

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ -	$ -

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

(23) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 674,280)	186,987	($ 3.61)

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 617,718)	155,717	($ 3.97)

In 2020 and 2019, the Group incurred a net loss. As the potential common shares will have an anti-dilutive effect, the diluted earnings per share was not calculated.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of property, plant and equipment	$ 50,814	$ 112,578
Add: Opening balance of payable on equipment	11,721	9,228
Less: Ending balance of payable on equipment	(16,456)	(11,721)
Cash paid during the year	$ 46,079	$ 110,085

B. Investing activities with partial cash received

	Year ended December 31, 2020	Year ended December 31, 2019
Disposal of property, plant and equipment	$ 149,692	$ -
Less: Ending balance of other receivables on equipment	(120,000)	-
Cash received during the year	$ 29,692	$ -

(25) Changes in liabilities from financing activities

	2020		
	Short-term borrowings	Long-term borrowings	Lease liabilities
At January 1	$ 30,000	$ 433,166	$ 334,726
Changes in cash flow from financing activities	(30,000)	(433,166)	(8,591)
Changes in other non-cash items	-	-	(138,353)
At December 31	$ -	$ -	$ 187,782

	2019		
	Short-term borrowings	Long-term borrowings	Lease liabilities
At January 1	$ 10,000	$ 513,783	$ 342,891
Changes in cash flow from financing activities	20,000	(80,617)	(8,165)
At December 31	$ 30,000	$ 433,166	$ 334,726

7. Related Party Transactions

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Medigen Biotechnology Corporation.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Stanley Chang	Chairman
Medigen Biotechnology Corporation	Parent company
Schweitzer Biotech Company Ltd.	Director
Winston Medical Supply Co., Ltd.	Same group with the Company

(3) Significant related party transactions

The joint guarantor of the guarantee notes of bank borrowings is Stanley Chang in 2020 and 2019.

(4) Key management compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other short-term employee benefits	$ 9,707	$ 11,956
Post-employment benefits	144	216
Share-based payments	5,055	3,026
	$ 14,906	$ 15,198

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Time deposit - restricted (recognised in "Other non-current assets")	$ 7,626	$ 7,239	Security deposit of leasing
Buildings amd structures	680,559	713,843	Collateral for loans
Machinery and equiments	153,127	164,020	Collateral for loans
	$ 841,312	$ 885,102	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. The Company signed a three party technical license agreement with Centers for Disease Control, Department of Health, Executive Yuan (now Taiwan Centers for Disease Control, CDC) and National Health Research Institute (NHRI) on June 28, 2013 for the development of Enterovirus Vaccine 71 (EV71). The Company has obtained the verified productive cell lines, EV71 virus strains, EV71 manufacturing documentations, and relevant documents which were submitted to Taiwan Food and Drug Administration (TFDA) by NHRI for the approval of phase I clinical trials, and the phase I clinical trial results and other research results. Under the contract, the Company shall pay milestone payments as the research progresses and net sales royalty when products are launched in the future. The Company has completed the enrollment of phase III multi-region clinical trail for EV71 vaccine on December 25, 2019.

B. The Company signed the license agreement with NHRI for the H7N9 novel influenza vaccine. The contract period is from April 25, 2014 through April 24, 2029. The contract includes authorized H7N9 novel influenza virus strains, vaccine manufacturing process, pre-clinical animal trials and other intellectual properties, and the complete rights to manufacture and sell the vaccine products in Taiwan. The Company has made payments as specified in the contract. The phase I and phase II clinical trials have passed the review by Taiwan CDC and approved for future reference.

C. The Company signed a R&D alliance contract with UCAB Research Center (Netherlands) and three other international pharmaceutical companies, MABXIENCE (Europe), SPIMACO (Middle East), LIBBS (South America), to develop a biosimilar to prevent RSV for infant and kids. The Company acquired commercial rights under this contract for selling, technology transfer, and production in Taiwan and other major countries in Asia. The Company will hereafter get involved in R&D alliances and clinical trial events; bear the expense altogether and share R&D and clinical results.

D. The Company contracted with United States National Institute of Health (NIH) on November 17, 2016 regarding the license agreement for the dengue fever vaccine, which granted the Company complete rights of R&D, manufacture, selling and re-authorization. There were 17 countries included in the original authorized region. On September 17, 2017, the rights for 9 additional countries were obtained, which has expanded the total authorized region to 26 countries. The Company is required to make a certain amount of royalty and milestone payment under the contract. The Company has completed phase II clinical trials and retrieved clinical trial reports.

E. The Company signed a global commercial COVID-19 vaccine license agreement with US NIH on May 5, 2020 in order to attain the complete rights for the R&D, manufacture, and sales of COVID-19 vaccine. Under the the contract, the Company is required to pay a certain amount of royalty, milestone payment and sales royalty payment. The Company requested a phase II human clinical trial from TFDA on December 15, 2020, which after TFDA expert meetings on evaluation, the Company was authorized to conduct a phase II clinical trial on December 29,

2020.

F. The Company signed a "COVID-19 vaccine development" subsidy contract with Taiwan CDC on October 13, 2020. The execution of the contract begins from the approval of funding to June 30, 2021. Taiwan CDC will grant funding by terms based on the duration of the completion process milestone in phase I and phase II trials. The Company guarantees to prioritize enough supply to the Taiwan government in order to fulfill the demand to battle against the virus.

G. Capital expenditures contracted for but not yet incurred.

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 52,788	$ 75,005

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's capital management is based on the business scale of the Group's business, considering the future growth of the industry and product development, setting an appropriate market share, and planning the corresponding capital expenditures, and then calculating operating capital based on the financial operational plan, then finally considering the projected operating profit and cash flow from the competitiveness of products to determine the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss	$ 53,170	$ 53,230
Financial assets at amortised cost	$ 1,827,601	$ 427,458
	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost	$ 158,534	$ 575,005
Lease liabilities	$ 187,782	$ 334,726

Note: Financial assets at amortised cost include cash and cash equivalents, time deposits (more than three months), accounts receivable, other receivables, restricted assets and refundable deposits; financial liabilities at amortised cost include short-term borrowings, accounts and notes payable, other payables and long-term borrowings (including current portion).

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 policy focuses on unpredictable events in the financial market and seeks to reduce the risks that potentially pose adverse effects on the Group's financial condition and performance.

(b) Risk management is executed by the Group's finance department by following policies approved by the Board of Directors. Through cooperation with the Group's operating units, finance department is responsible for identifying, evaluating and hedging financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific issues, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The Group are required to hedge foreign exchange risk exposure with the Group finance. In order to manage the exchange rate risk from future transactions and recognized assets and liabilities, the Group adopts natural hedging through the Group finance department. Exchange rate risk arises when future transactions, recognized assets or liabilities are recognised in foreign currency which is not the functional currency of the entity.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiary's functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 619	28.48	$ 17,629

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 722	29.98	$ 21,646

iv. The realised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to $4,149 and $370, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 141	$ -

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 173	$ -

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity

securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group has investments in domestic beneficiary securities. The prices of beneficiary securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $532, respectively.

Cash flow and fair value Interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by $0 and $926, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Company will only accept those banks and financial institutions with good credit ratings.

v. The Group adopts the following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; and the default occurs when the contract payments are past due over 90 days.

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

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

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

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

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

vii. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss. All accounts receivable of the Group in 2020 are not overdue.

viii. In 2020 and 2019, there was no case of customers' exceeding their credit limit, and the management did not expect any major losses due to a breach of contract by a counterparty.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance 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. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group finance. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2020 and 2019, the Group held money market position of $1,679,422 and $410,621, respectively, and financial assets at fair value through profit or loss-current of $53,170 and $53,230, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has undrawn borrowing facilities amounting to $0 and $ 20,000 at December 31, 2020 and 2019, respectively.

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 for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Lease liabilities	$ 7,626	$ 343,152

December 31, 2019	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Lease liabilities	$ 17,333	$ 517,602
Long-term borrowings (including current portion)	84,954	375,463

Except for the above, the non-derivative financial liabilities of the Group are all expiring within one year.

(3) Fair value information

A. For the description of the fair value of the non-derivative financial assets and liabilities for the Group, please refer to Note 12 (2)1.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in beneficiary securities is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. As of December 31, 2020 and 2019, the Group's financial assets measured at fair value through profit and loss-current were $53,170 and $53,230, respectively. They are all level 1 open-end funds, and the market is quoted at net value.

D. The Group's accounting department has formulated financial instrument evaluation policies and procedures in compliance with International Financial Reporting Standards.

13. Supplementary Disclosures

(1) 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 $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: None.

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 3.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. The Group evaluates the performance of the operating segments based on operating profit and loss before tax, which serves as the basis for performance evaluation. In addition, the accounting policies and accounting estimates of the operating segments are the same as described in Notes 4 and 5.

B. The financial information reported to the decision maker is the same as the financial information in the consolidated income statement and uses a consistent measurement method.

(3) Information on products and services

Please refer to Note 6 (15) for the related information.

(4) Geographical information

The main external customer income of the Group is mainly generated in Taiwan.

(5) Major customer information

There is no major customer for the Group for the years ended December 31, 2020 and 2019.

Medigen Vaccine Biologics Corporation and Subsidiary

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

December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Medigen Vaccine Biologics Corporation	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,030	$ 50,507	-	$ 50,507	
Medigen Vaccine Biologics Corporation	Franklin Templeton SinoAm Emerging Markets Bond Fund A-TWD	-	Financial assets at fair value through profit or loss - current	303	2,663	-	2,663	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial Instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Medigen Vaccine Biologics Corporation and Subsidiary

Information on investees

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman	Investing	$ 7,081	$ 7,081	50,000	100.00	$ 4,000	($ 907)	($ 907)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Medigen Vaccine Biologics Corporation and Subsidiary

Major shareholders information

December 31, 2020

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Medigen Biotechnology Corporation	46,527,811	22.01

Note: The major shareholders information is provided by Taiwan Depository & Clearing Corporation. As of December 29, 2020, shareholders held more than 5% of the company's ordinary shares that have been delivered without physical registration.

Medigen Vaccine Biologics Corp.

Chairman: Shih-Chung Chang