ADIMMUNE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS’ REVIEW REPORT

June 30, 2020 AND 2021

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Adimmune Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Adimmune Corporation and subsidiaries ("the Group") as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of our review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Liu, Mei-Lan	Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

August 11, 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’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of dollars)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2020 AND 2021 ARE REVIEWED, NOT AUDITED)

		June 30, 2020	December 31, 2020	June 30, 2021	
Assets	Notes	NT$	NT$	NT$	US$
					(Unreviewed) *(Note 4)*
Current assets					
Cash and cash equivalents	6(1)	$ 2,179,525	$ 4,087,463	$ 2,875,484	$ 103,027
Financial assets at fair value through profit or loss - current		274	-	-	-
Financial assets at amortised cost - current	6(2) and 8	87,600	349,558	299,000	10,713
Notes receivable, net	6(3)	-	12	-	-
Accounts receivable, net	6(3)	124,988	109,737	51,163	1,833
Inventories	6(4)	640,663	302,048	727,068	26,050
Prepayments		143,651	165,455	257,074	9,211
Other current assets		87,224	32,295	64,469	2,310
Current Assets		3,263,925	5,046,568	4,274,258	153,144
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6(5)	150,596	137,082	208,117	7,457
Financial assets at amortised cost - non-current	6(2) and 8	506,724	1,997	1,985	71
Property, plant and equipment	6(6) and 8	2,250,998	2,336,938	2,659,759	95,298
Right-of-use assets		13,743	15,363	18,405	659
Investment property, net	6(7)	23,252	23,252	23,252	833
Intangible assets	6(8)	133,055	138,915	127,379	4,564
Deferred income tax assets		227,707	227,890	227,890	8,165
Other non-current assets	6(9)	237,021	545,409	742,795	26,614
Non-current assets		3,543,096	3,426,846	4,009,582	143,661
Total assets		$ 6,807,021	$ 8,473,414	$ 8,283,840	$ 296,805

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of dollars)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2020 AND 2021 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity	Notes	June 30, 2020 NT$	June 30, 2020 NT$	June 30, 2020 NT$	US$
					(Unreviewed) *(Note 4)*
Current liabilities					
Current contract liabilities	6(18)	$ 169,997	$ 167,905	$ 177,217	$ 6,350
Notes payable		33,854	167,905	25,307	907
Accounts payable		82,690	23,455	112,736	4,039
Other payables		127,227	222,828	305,116	10,932
Current lease liabilities		3,630	7,232	9,334	334
Other current liabilities	6(10)(12)	84,024	103,986	46,803	1,677
Current Liabilities		501,422	525,406	676,513	24,239
Non-current liabilities					
Corporate bonds payable	6(11) and 8	198,671	-	-	-
Long-term borrowings	6(12) and 8	1,035,308	1,307,307	1,306,264	46,803
Non-current lease liabilities		9,675	7,129	8,831	316
Other non-current liabilities	6(13)	3,892	4,885	4,719	170
Non-current liabilities		1,247,546	1,319,321	1,319,814	47,289
Total Liabilities		1,748,968	1,844,727	1,996,327	71,528
Equity					
Share capital	6(15)				
Share capital - common stock		4,206,503	4,295,078	4,295,078	153,890
Capital surplus	6(16)				
Capital surplus		706,017	830,210	845,691	30,301
Retained earnings	6(17)				
Unappropriated retained earnings (Accumulated deficit)		(275,166)	1,122,866	704,290	25,233
Other equity interest					
Other equity interest	6(5)	81,546	68,032	139,067	4,983
Equity attributable to owners of the parent		4,718,900	6,316,186	5,984,126	214,407
Non-controlling interest		339,153	312,501	303,387	10,870
Total equity		5,058,053	6,628,687	6,287,513	225,277
Significant contingent liabilities and unrecognised contract commitments	9				
Total liabilities and equity		$ 6,807,021	$ 8,473,414	$ 8,283,840	$ 296,805

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars, except loss per share)
(UNAUDITED)

Items	Notes	Three months ended June 30		Six months ended June 30		
		2020	2021	2020	2021	2021
		NT$	NT$	NT$	NT$	US$
						(Unreviewed) *(Note 4)*
Sales revenue	6(18)	$ 63,077	$ 88,016	$ 430,091	$ 94,946	$ 3,402
Operating costs	6(4)(8)(22)	(99,219)	(121,098)	(391,224)	(210,130)	(7,529)
Net operating margin		(36,142)	(33,082)	38,867	(115,184)	(4,127)
Unrealized profit from sales		(56)	-	-	-	-
Operating expenses	6(22)					
Selling expenses		(2,978)	(2,203)	(10,394)	(4,609)	(165)
General & administrative expenses		(53,443)	(76,209)	(103,817)	(166,590)	(5,969)
Research and development expenses		(64,115)	(103,016)	(100,920)	(205,979)	(7,380)
Total operating expenses		(120,536)	(181,428)	(215,131)	(377,178)	(13,514)
Operating loss		(156,734)	(214,510)	(176,264)	(492,362)	(17,641)
Non-operating income and expenses						
Interest income	6(19)	1,605	1,625	1,997	2,484	89
Other income	6(20)	10,835	53,784	12,456	75,178	2,693
Other gains and losses	6(21)	(5,673)	1,047	(3,106)	466	17
Finance costs	6(23)	(4,918)	(3,674)	(13,281)	(7,655)	(274)
Total non-operating income and expenses		1,849	52,782	(1,934)	70,473	2,525
Loss before income tax		(154,885)	(161,728)	(178,198)	(421,889)	(15,116)
Income tax expense	6(24)	-	-	-	-	-
Loss for the period		($ 154,885)	($ 161,728)	($ 178,198)	($ 421,889)	($ 15,116)

(Continued)

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars, except loss per share)
(UNAUDITED)

		Three months ended June 30		Six months ended June 30		
		2020	2021	2020	2021	2021
Items	Notes	NT$	NT$	NT$	NT$	US$
						(Unreviewed) *(Note 4)*
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
Unrealized gain and loss on valuation of equity instruments at fair value through other comprehensive income	6(5)	$ 38,690	$ 61,634	($ 21,193)	$ 71,035	$ 2,545
Other comprehensive income (loss) for the period		$ 38,690	$ 61,634	($ 21,193)	$ 71,035	$ 2,545
Total comprehensive income (loss) for the period		($ 116,195)	($ 100,094)	($ 199,391)	($ 350,854)	($ 12,571)
Loss, attributable to:						
Owners of the parent		($ 142,703)	($ 162,977)	($ 159,554)	($ 412,775)	($ 14,789)
Non-controlling interest		(12,182)	1,249	(18,644)	(9,114)	(327)
Total		($ 154,885)	($ 161,728)	($ 178,198)	($ 421,889)	($ 15,116)
Comprehensive loss attributable to:						
Owners of the parent		($ 104,013)	($ 101,343)	($ 180,747)	($ 341,740)	($ 12,244)
Non-controlling interest		(12,182)	1,249	(18,644)	(9,114)	(327)
Total		($ 116,195)	($ 100,094)	($ 199,391)	($ 350,854)	($ 12,571)
Basic loss per share(in dollars)	6(25)					
Total basic loss per share		($ 0.35)	($ 0.38)	($ 0.41)	($ 0.96)	(0.03)
Diluted loss per share(in dollars)	6(25)					
Total diluted loss per share		($ 0.35)	($ 0.38)	($ 0.41)	($ 0.96)	(0.03)

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
			Capital Reserves										
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Employee stock warrants	Stock warrants	Others	Retained earnings (Accumulated deficit)	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2020 - New Taiwan Dollars													
Balance at January 1, 2020		$ 3,631,576	$ 1,060,642	$ 258	$ 21,182	$ 10,925	$ 14,438	$ 29,176	($ 1,225,598)	$ 102,739	$ 3,645,338	$ 180,335	$ 3,825,673
Net loss		-	-	-	-	-	-	-	(159,554)	-	(159,554)	(18,644)	(178,198)
Other comprehensive loss	6(5)	-	-	-	-	-	-	-	-	(21,193)	(21,193)	-	(21,193)
Total comprehensive income		-	-	-	-	-	-	-	(159,554)	(21,193)	(180,747)	(18,644)	(199,391)
Share-based payments	6(14)	-	-	-	-	-	-	-	1,061	-	1,061	441	1,502
Exercise of employee share options	6(14)	-	-	-	-	-	-	-	(5,963)	-	(5,963)	-	(5,963)
Cover of equity conversion options	6(15)	574,927	706,017	-	-	-	-	-	(12,428)	-	1,268,516	-	1,268,516
Changes in interests in subsidiaries	6(26)	-	-	-	-	-	-	-	(9,305)	-	(9,305)	177,021	167,716
Capital surplus cover accumulated deficits	6(16)	-	(1,060,642)	(258)	(21,182)	(10,925)	(14,438)	(29,176)	1,136,621	-	-	-	-
Balance at June 30, 2020		$ 4,206,503	$ 706,017	$ -	$ -	$ -	$ -	$ -	($ 275,166)	$ 81,546	$ 4,718,900	$ 339,153	$ 5,058,053
2021 - New Taiwan Dollars													
Balance at January 1, 2021		$ 4,295,078	$ 817,861	$ -	$ -	$ 12,349	$ -	$ -	$ 1,122,866	$ 68,032	$ 6,316,186	$ 312,501	$ 6,628,687
Net loss		-	-	-	-	-	-	-	(412,775)	-	(412,775)	(9,114)	(421,889)
Other comprehensive income	6(5)	-	-	-	-	-	-	-	-	71,035	71,035	-	71,035
Total comprehensive income		-	-	-	-	-	-	-	(412,775)	71,035	(341,740)	(9,114)	(350,854)
Share-based payments	6(14)	-	-	-	-	15,741	-	-	-	-	15,741	-	15,741
Exercise of employee share options	6(14)	-	-	-	-	(260)	-	-	(5,801)	-	(6,061)	-	(6,061)
Balance at June 30, 2021		$ 4,295,078	$ 817,861	$ -	$ -	$ 27,830	$ -	$ -	$ 704,290	$ 139,067	$ 5,984,126	$ 303,387	$ 6,287,513

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
			Capital Reserves										
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Employee stock warrants	Stock warrants	Others	Retained earnings (Accumulated deficit)	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2021 - US Dollars *(Unreviewed) (Note 4)*													
Balance at January 1, 2021		$ 153,890	$ 29,304	$ -	$ -	$ 442	$ -	$ -	$ 40,232	$ 2,438	$ 226,306	$ 11,197	$ 237,503
Net loss		-	-	-	-	-	-	-	(14,789)	-	(14,789)	(327)	(15,116)
Other comprehensive income	6(5)	-	-	-	-	-	-	-	-	2,545	2,545	-	2,545
Total comprehensive income		-	-	-	-	-	-	-	(14,789)	2,545	(12,244)	(327)	(12,571)
Share-based payments	6(14)	-	-	-	-	564	-	-	-	-	564	-	564
Exercise of employee share options	6(14)	-	-	-	-	(9)	-	-	(210)	-	(219)	-	(219)
Balance at June 30, 2021		$ 153,890	$ 29,304	$ -	$ -	$ 997	$ -	$ -	$ 25,233	$ 4,983	$ 214,407	$ 10,870	$ 225,277

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars)
(UNAUDITED)

	Notes	June 30, 2020 NT$	June 30, 2021 NT$	June 30, 2021 US$ (Unreviewed) (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		($ 178,198)	($ 421,889)	($ 15,116)
Adjustments				
Adjustments to reconcile profit (loss)				
Depreciation (including right-of-use assets)	6(6)(22)	105,256	94,468	3,385
Amortisation	6(22)	11,017	12,419	445
Other expense		751	751	27
Net gain on financial assets or liabilities at fair value through profit or loss	6(21)	(1,385)	-	-
Interest expense	6(23)	13,281	7,655	274
Interest income	6(19)	(1,997)	(2,484)	(89)
Dividend income	6(20)	(7,982)	(7,982)	(286)
Grant revenue		-	(58,946)	(2,112)
Share-based payments	6(14)	1,502	15,741	564
Gain on disposal of property, plant and equipment	6(21)	(1)	(11)	(-)
Changes in operating assets and liabilities				
Changes in operating assets				
Notes receivable, net		-	12	-
Accounts receivable, net		380,064	58,574	2,099
Inventories		(212,767)	(425,020)	(15,228)
Prepayments		18,215	(91,619)	(3,283)
Other current assets		(24,476)	17,611	631
Changes in operating liabilities				
Contract liabilities - current		156,562	9,312	334
Notes payable		33,854	25,307	907
Accounts payable, net		72,582	89,281	3,199
Other payables		24,557	(27,973)	(1,002)
Other current liabilities		736	1,754	63
Net defined benefit - non-current		(170)	(174)	(6)
Other non-current liabilities		281	7	-
Cash inflow (outflow) generated from operations		391,682	(703,206)	(25,194)
Interest received		1,840	2,521	90
Dividends received		7,982	7,982	286
Interest paid		(9,347)	(7,553)	(271)
Net cash flows from (used in) operating activities		392,157	(700,256)	(25,089)

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of dollars)
(UNAUDITED)

	Notes	June 30, 2020 NT$	June 30, 2021 NT$	June 30, 2021 US$ *(Unreviewed) (Note 4)*
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in financial assets at amortised cost- current		($ 36,500)	$ 50,558	$ 1,811
Decrease in financial assets at amortised cost-non-current		635,093	11	-
Acquisition of property, plant and equipment	6(27)	(40,913)	(301,779)	(10,813)
Proceeds from disposal of property, plant and equipment		1	11	-
Increase in refundable deposits		-	(56,123)	(2,011)
Decrease in refundable deposits		69,238	-	
Acquisition of intangible assets	6(8)	-	(430)	(15)
Prepaid equipment		(29,858)	(198,397)	(7,108)
Net cash flows from (used in) investing activities		597,061	(506,149)	(18,136)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	6(28)	10,500	-	-
Repayment of long-term borrowings	6(28)	(39,092)	(1,034)	(37)
Repayment of principal portion of lease liabilities	6(28)	(2,723)	(4,540)	(163)
Capital increase from non-controlling interests	6(26)	167,716	-	-
Net cash flows from (used in) financing activities		136,401	(5,574)	(200)
Net increase (decrease) in cash and cash equivalents		1,125,619	(1,211,979)	(43,425)
Cash and cash equivalents at beginning of period	6(1)	1,053,906	4,087,463	146,452
Cash and cash equivalents at end of period	6(1)	$ 2,179,525	$ 2,875,484	$ 103,027

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

ADIMMUNE CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 11, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts–cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2020.

B. Subsidiary included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	June 30, 2020	December 31, 2020	June 30, 2021
Adimmune Corporation	Enimmune Corporation	Biotechnology industry	51	51	51
Adimmune Corporation	Global Commonwealth Life Science (Holdings) Limited	General investment	100	100	100
Adimmune Corporation	ADIMMUNE B.V.	General investment	100	100	100
Adimmune Corporation	Eggs Corporation	Animal husbandry	100	100	100
Adimmune Corporation	Adimmune Co., Ltd. Nanjing, China	Trading	100	100	100
Eggs Corporation	Animmune Corporation	Biotechnology industry	51.22	51.22	51.22

On December 21, 2019, the Board of Directors of Enimmune Corporation, resolved to increase its capital by issuing 16 million common shares with a par value of $10 (in dollars) per share amounting to NT$ 160 million. Considering the overall business benefits, on May 22, 2020, the Group acquired 8,764 thousand shares at NT$23 (in dollars) per share amounting to $201,572 thousand. As a result, the Group increased its interest on Enimmune Corporation by 1.37% to 51%.

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) Employee benefits (Pensions)

A. Defined contribution plans

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

B. Defined benefit plans

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

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

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(6) Convenience conversion into U.S. dollars

The financial statements are stated in NT dollars. Conversion of June 30, 2021 New Taiwan dollar amounts into U.S. dollar amounts using the noon buying rate of NT$27.91 (in dollars) to U.S.$1.00 (in dollars) effective on June 30, 2021, provided by the Federal Reserve Board database is included in the financial statements solely for the convenience of the readers. The convenience conversion is unaudited and should not be construed as a representation that the NT dollar amounts have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

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

There have been no significant changes as of June 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2020	June 30, 2021
Cash on hand and revolving funds	$ 1,209	$ 1,222	$ 1,180
Checking accounts and demand deposits	2,008,626	3,826,241	2,604,304
Time deposits	169,690	260,000	270,000
	$ 2,179,525	$ 4,087,463	$ 2,875,484

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

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

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

(2) Financial assets at amortised cost

Items	June 30, 2020	December 31, 2020	June 30, 2021
Current items:			
Time deposits with maturities of more than three months	$ 80,000	$ 337,058	$ 286,500
Pledged time deposits	7,600	12,500	12,500
	$ 87,600	$ 349,558	$ 299,000
Non-current items:			
Corporate bonds reserve account	$ 442,536	$ 1,994	$ 1,985
Corporate bonds pledge account	64,188	3	-
	$ 506,724	$ 1,997	$ 1,985

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

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

(3) Notes and accounts receivable

	June 30, 2020	December 31, 2020	June 30, 2021
Notes receivable	$ -	$ 12	$ -
Less: Allowance for expected credit loss	-	-	-
	$ -	$ 12	$ -
Accounts receivable	$ 124,988	$ 109,737	$ 51,163
Less: Allowance for expected credit loss	-	-	-
	$ 124,988	$ 109,737	$ 51,163

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

	June 30, 2020		December 31, 2020		June 30, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 105,642	$ -	$ 109,737	$ 12	$ 51,163	$ -
Up to 30 days	-	-	-	-	-	-
31 to 90 days	19,346	-	-	-	-	-
91 to 180 days	-	-	-	-	-	-
Over 180 days	-	-	-	-	-	-
	$ 124,988	$ -	$ 109,737	$ 12	$ 51,163	$ -

The above ageing analysis is based on past due date.

B. As at June 30, 2021, December 31, 2020, June 30, 2020 and January 1, 2020, the balances of receivables from contracts with customers amounted to $51,163 thousand, $109,749 thousand, $124,988 thousand, and $505,052 thousand, respectively.

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

D. As at June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable was $0 thousand, $12 thousand and $0 thousand, respectively; As at June 30, 2021, December 31, 2020 and June 30 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable was $51,163 thousand, $109,737 thousand and $124,988 thousand, respectively.

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

(4) Inventories

	June 30, 2020					
		Cost		Allowance for valuation loss and obsolescence loss		Book value
Raw materials	$	49,313	($	3,028)	$	46,285
Work in process		644,104	(	255,044)		389,060
Finished goods		212,589	(	8,932)		203,657
Merchandise		1,682	(	21)		1,661
	$	907,688	($	267,025)	$	640,663

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

	June 30, 2021					
		Cost		Allowance for valuation loss and obsolescence loss		Book value
Raw materials	$	98,399	($	4,644)	$	93,755
Work in process		632,826	(	178,681)		454,145
Finished goods		168,120	(	2,615)		165,505
Merchandise		13,818	(	155)		13,663
	$	913,163	($	186,095)	$	727,068

The cost of inventories recognised as expense for the period:

	Three-month periods ended June 30, 2020	Three-month periods ended June 30, 2021
Costs of goods sold	$ 47,205	$ 52,290
Loss on decline in market value	929	2,739
Loss on inventory retirement	-	28
Gain on sale of scraps	(4)	-
Unallocated overhead	51,089	66,041
	$ 99,219	$ 121,098

	Six-month periods ended June 30, 2020	Six-month periods ended June 30, 2021
Costs of goods sold	$ 242,872	$ 57,237
Loss on decline in market value	3,463	6,588
Loss on inventory retirement	7,195	28
Gain on sale of scraps	(5)	-
Unallocated overhead	137,699	146,277
	$ 391,224	$ 210,130

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

Items	June 30, 2020	December 31, 2020	June 30, 2021
Non-current items:			
Equity instruments			
Unlisted stocks	$ 69,050	$ 69,050	$ 69,050
Valuation adjustment	81,546	68,032	139,067
	$ 150,596	$ 137,082	$ 208,117

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $208,117 thousand, $137,082 thousand and $150,596 thousand as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

B. The Group recognised gain of $61,634 thousand, gain of $38,690 thousand, gain of $71,035 thousand and loss of $21,193 thousand in other comprehensive income(loss) for fair value change for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

(6) Property, plant and equipments

	Six-month period ended June 30, 2020				
	Beginning balance	Addtions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,139,225	401	-	401	2,140,027
Machinery equipment	1,522,726	754	(1,074)	-	1,522,406
Transportation equipment	2,342	-	-	-	2,342
Other equipment	986,785	138	-	-	986,923
Construction in progress and under acceptance equipment	128,641	39,794	-	(401)	168,034
	4,794,076	41,087	(1,074)	-	4,834,089
Accumulated depreciation					
Buildings and structures	(758,495)	(34,226)	-	-	(792,721)
Machinery equipment	(942,133)	(44,015)	1,074	-	(985,074)
Transportation equipment	(2,292)	(48)	-	-	(2,340)
Other equipment	(778,176)	(24,780)	-	-	(802,956)
	(2,481,096)	(103,069)	1,074	-	(2,583,091)
	$ 2,312,980				$ 2,250,998

	Six-month period ended June 30, 2021				
	Beginning balance	Addtions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,141,459	781	(68,503)	12,727	2,086,464
Machinery equipment	1,534,372	335	(9,571)	1,744	1,526,880
Transportation equipment	2,342	-	-	-	2,342
Other equipment	992,288	35	(217)	-	992,106
Construction in progress and under acceptance equipment	317,153	410,946	-	(13,631)	714,468
	5,001,971	412,097	(78,291)	840	5,336,617
Accumulated depreciation					
Buildings and structures	(823,498)	(30,430)	68,503	-	(785,425)
Machinery equipment	(1,024,955)	(44,761)	9,571	(159)	(1,060,304)
Transportation equipment	(2,342)	-	-	-	(2,342)
Other equipment	(814,238)	(14,766)	217	-	(828,787)
	(2,665,033)	(89,957)	78,291	(159)	(2,676,858)
	$ 2,336,938				$ 2,659,759

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

	Three-month period ended June 30,	
	2020	2021
Amount capitalised	$ 423	$ 3,445
Range of the interest rate for capitalisation	1.34%~1.68%	1.83%

	Six-month period ended June 30,	
	2020	2021
Amount capitalised	$ 896	$ 5,727
Range of the interest rate for capitalisation	1.34%~1.90%	1.83%

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

(7) Investment property

	June 30, 2020	December 31, 2020	June 30, 2021
Cost			
Land	$ 23,252	$ 23,252	$ 23,252

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

B. As of June 30, 2021 and 2020, the Company's investment property was not leased out, and no operating expense arose.

C. The fair value of the investment property as at June 30, 2021 and December 31, 2020, was $33,942 thousand and $33,942 thousand, respectively, which was assessed based on valuation performed by management.

D. The fair value of the investment property as at June 30, 2020 was $33,008 thousand, which was assessed based on valuation performed by an independent appraiser who holds a professional qualification and has relevant experience.

(8) Intangible assets

	Six-month period ended June 30, 2020				
	Beginning balance	Addtions	Disposals	Transferred	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	26,138	-	-	-	26,138
	686,672	-	-	-	686,672
Accumulated amortisation					
Authorization techniques	(206,318)	(6,457)	-	-	(212,775)
Internal production cost	(189,519)	(2,979)	-	-	(192,498)
Computer software	(19,604)	(866)	-	-	(20,470)
	(415,441)	(10,302)	-	-	(425,743)
Accumulated impairment					
Authorization techniques	(127,874)	-	-	-	(127,874)
	$ 143,357				$ 133,055

	Six-month period ended June 30, 2021				
	Beginning balance	Addtions	Disposals	Transferred	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	42,580	430	-	-	43,010
	703,114	430	-	-	703,544
Accumulated amortisation					
Authorization techniques	(219,233)	(6,458)	-	-	(225,691)
Internal production cost	(195,476)	(2,979)	-	-	(198,455)
Computer software	(21,616)	(2,529)	-	-	(24,145)
	(436,325)	(11,966)	-	-	(448,291)
Accumulated impairment					
Authorization techniques	(127,874)	-	-	-	(127,874)
	$ 138,915				$ 127,379

Details of amortisation on intangible assets are as follows:

	Three-month period ended June 30,	
	2020	2021
Operating costs	$ 4,752	$ 4,752
General and administrative expenses	399	1,238
	$ 5,151	$ 5,990

	Six-month period ended June 30,	
	2020	2021
Operating costs	$ 9,505	$ 9,505
General and administrative expenses	797	2,461
	$ 10,302	$ 11,966

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

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

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

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

(9) Other non-current assets

	June 30, 2020	December 31, 2020	June 30, 2021
Prepaid equipment	$ 222,652	$ 527,900	$ 726,251
Long-term prepayments	5,003	4,253	3,502
Refundable deposits	4,539	4,641	4,881
Others	4,827	8,615	8,161
	$ 237,021	$ 545,409	$ 742,795

(10) Other current liabilities

	June 30, 2020	December 31, 2020	June 30, 2021
Long-term liabilities due within one year	$ 80,100	$ 2,072	$ 2,081
Deferred revenue	-	98,392	39,446
Others	3,924	3,522	5,276
	$ 84,024	$ 103,986	$ 46,803

(11) Bonds payable

	June 30, 2020	December 31, 2020	June 30, 2021
1st domestic secured convertible bonds	$ 58,858	$ -	$ -
2nd domestic secured convertible bonds	140,035	-	-
Less: Discount on bonds payable	(222)	-	-
	$ 198,671	$ -	$ -

A. On July 29, 2020, the issuance of the first domestic convertible bonds were transferred to common stocks.

B. (a) On August 13, 2020, certain corporate bonds were redeemed, and the Company repurchased the bonds at 100% of the face value for $100 thousand.

(b) Except for the redeemed part of the second domestic convertible bonds, the rest of the convertible bonds were transferred to common stocks on August 7, 2020.

(12) Long-term borrowings

Type of borrowings	Borrowing period repayment term	Collateral	June 30, 2020
Long-term bank borrowings			
Land Bank of Taiwan (lead and management bank)	June 22, 2015 until June 21, 2030; Term loan A is to be repaid in installments starting from June 2018	Land, Buildings, Machinery equipment	$ 1,105,000
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020	Note	5,408
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	5,000
			1,115,408
Less: Long-term liabilities due within one year			(80,100)
			$ 1,035,308
Interest rate range			1.38%~2.23%

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

Type of borrowings	Borrowing period repayment term	Collateral	June 30, 2021
Long-term bank borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022	Land, Buildings, Machinery equipment	$ 1,300,000
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020	Note	4,308
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	4,037
			1,308,345
Less: Long-term liabilities due within one year			(2,081)
			$ 1,306,264
Interest rate range			1.75%~1.88%

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

(13) Pensions

A.(a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by the end of next March.

(b)The Group recognized pension cost of $4 thousand, $7 thousand, $7 thousand and $14 thousand based on the aforementioned pension plan for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amounts to $348 thousand.

B. (a) Effective July 1, 2005, the Company and its subsidiary established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for three-month and six-month periods ended June 30, 2021 and 2020 were $4,138 thousand, $3,816 thousand , $8,156 thousand and $7,231 thousand, respectively.

(14) Share-based payment

A. For the six-month periods ended June 30, 2021 and 2020, the Group's share-based payment arrangements were as follows:

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

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

Enimmune Corporation's cash capital increase reserved for employee preemption

	2020		2021	
	Number of options	Weighted-average exercise price (in dollars)	Number of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	1,600	23.00	-	-
Options exercised	(502)	23.00	-	-
Options forfeited	(1,098)	23.00	-	-
Options outstanding at June 30	-	-	-	-
Options exercisable at June 30	-		-	

C. For the years 2017~2020 issuance of employees bonus shares, the fair value of stock price of the Company was $19.55(in dollars). As of June 30, 2021, the shares all have been vested and executed.

D. For the years 2020~2023 issuance of employees bonus shares, the fair value of stock price of the Company was $56.60(in dollars). As of June 30, 2021, the shares all have not been vested.

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

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

	Three-month period ended June 30,	
	2020	2021
Equity-settled	$ 506	$ 7,914

	Six-month period ended June 30,	
	2020	2021
Equity-settled	$ 1,502	$ 15,741

(15) Share capital

A. As of June 30, 2021, the Company's authorised capital was $7,000,000 thousand, consisting of 700,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $4,295,078 thousand with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2020 (thousand shares)	2021 (thousand shares)
At January 1	$ 363,158	$ 429,508
Conversion of convertible bonds	57,492	-
At June 30	$ 420,650	$ 429,508

B. On August 12, 2016, the Board of Directors of the Company resolved the issuance of the first and second secured convertible bonds. For the six-month period ended June 30, 2020, 57,492 thousand shares were converted. Information relating to the convertible bonds is provided in Note 6(11).

(16) 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 Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

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

B. 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.

C. On March 26, 2021, the Board of Directors proposed to appropriate cash dividends amounting to $214,754 thousand ($0.5 (in dollars) per share). The appropriation of dividends has not been resolved by the shareholders.

D. Information relating to employees' compensation and directors' remuneration is provided in Note 6(22).

(18) Operating revenue

Information on products and services

A. The Group engages in the manufacture and trade of vaccines and modern medicine products. Details of revenue is as follows:

	Three-month period ended June 30,	
	2020	2021
Revenue from professional packing service	$ 51,499	$ 40,386
Sales of finished goods	11,554	41,234
Sales of merchandise	-	6,027
Other revenues	24	369
	$ 63,077	$ 88,016

	Six-month period ended June 30,	
	2020	2021
Revenue from professional packing service	$ 51,499	$ 40,386
Sales of finished goods	378,568	48,164
Sales of merchandise	-	6,027
Other revenues	24	369
	$ 430,091	$ 94,946

B. Contract liabilities

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

	January 1, 2020	June 30, 2020	December 31, 2020	June 30, 2021
Contract liabilities:				
Return and exchange rights	$ 4,042	$ 4,042	$ -	$ -
Advance sales receipts	9,394	165,955	167,905	177,217
	$ 13,436	$ 169,997	$ 167,905	$ 177,217

(b) Revenue recognised that was included in the contract liability balance at the beginning of the six-month periods ended June 30, 2021 and 2020 was $13,060 thousand and $0 thousand, respectively.

(19) Interest income

	Three-month period ended June 30,			
	2020		2021	
Interest income from bank deposits	$	1,602	$	1,622
Other interest income		3		3
	$	1,605	$	1,625

	Six-month period ended June 30,			
	2020		2021	
Interest income from bank deposits	$	1,992	$	2,478
Other interest income		5		6
	$	1,997	$	2,484

(20) Other income

	Three-month period ended June 30,			
	2020		2021	
Grant revenue	$	2,826	$	44,260
Dividend income		7,982		7,982
Other non-operating income		27		1,542
	$	10,835	$	53,784

	Six-month period ended June 30,			
	2020		2021	
Grant revenue	$	4,344	$	62,124
Dividend income		7,982		7,982
Other non-operating income		130		5,072
	$	12,456	$	75,178

For the three-month and six-month periods ended June 30, 2021 and 2020, the grant revenue includes government grants revenue amounting to $43,714 thousand, $1,874 thousand, $61,531 thousand and $3,355 thousand, respectively. Details of the contract are provided in Note 9(2).

(21) Other gains and losses

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Gains on disposal of property, plant and equipment	$ -	$ 1
Foreign exchange gains and losses	(5,657)	1,046
Net gains on financial assets at fair value through profit or loss	244	-
Other gains and losses	(260)	-
	($ 5,673)	$ 1,047

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2021
Gains on disposal of property, plant and equipment	$ 1	$ 11
Foreign exchange gains and losses	(4,135)	572
Net gains on financial assets at fair value through profit or loss	1,385	-
Other gains and losses	(357)	(117)
	($ 3,106)	$ 466

(22) Employee benefit expense, depreciation and amortisation

	Three-month period ended June 30,2020		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 48,835	$ 37,945	$ 86,780
Share-based payments	91	415	506
Labor and health insurance fees	4,430	2,283	6,713
Pension costs	2,183	1,640	3,823
Directors' remuneration	-	705	705
Other personnel expenses	1,196	1,529	2,725
	$ 56,735	$ 44,517	$ 101,252
Depreciation	$ 47,082	$ 5,546	$ 52,628
Amortisation	$ 4,752	$ 756	$ 5,508

	Three-month period ended June 30,2021		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 58,470	$ 46,772	$ 105,242
Share-based payments	-	7,914	7,914
Labor and health insurance fees	5,864	3,004	8,868
Pension costs	2,543	1,599	4,142
Directors' remuneration	-	1,405	1,405
Other personnel expenses	1,545	1,984	3,529
	$ 68,422	$ 62,678	$ 131,100
Depreciation	$ 40,786	$ 6,433	$ 47,219
Amortisation	$ 4,752	$ 1,465	$ 6,217

	Six-month period ended June 30,2020		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 91,736	$ 68,032	$ 159,768
Share-based payments	91	1,411	1,502
Labor and health insurance fees	8,720	4,519	13,239
Pension costs	4,250	2,995	7,245
Directors' remuneration	-	1,330	1,330
Other personnel expenses	1,899	3,142	5,041
	$ 106,696	$ 81,429	$ 188,125
Depreciation	$ 94,364	$ 10,892	$ 105,256
Amortisation	$ 9,505	$ 1,512	$ 11,017

	Six-month period ended June 30,2021		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 110,832	$ 115,407	$ 226,239
Share-based payments	-	15,741	15,741
Labor and health insurance fees	11,734	6,383	18,117
Pension costs	4,951	3,212	8,163
Directors' remuneration	-	2,685	2,685
Other personnel expenses	2,571	3,754	6,325
	$ 130,088	$ 147,182	$ 277,270
Depreciation	$ 81,783	$ 12,685	$ 94,468
Amortisation	$ 9,505	$ 2,914	$ 12,419

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the three-month and six-month periods ended June 30, 2021 and 2020, the Company generated net operating loss and thus did not accrue employees' compensation and directors' remuneration.

Information regarding employees' compensation and directors' remuneration as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had 589, 503 and 504 employees, respectively.

(23) Finance costs

	Three-month period ended June 30,	
	2020	2021
Interest expense:		
Bank borrowings	$ 4,230	$ 7,040
Convertible bonds	1,069	-
Interest expense on lease liabilities	42	79
Less: Capitalisation of qualifying assets	(423)	(3,445)
Finance costs	$ 4,918	$ 3,674

	Six-month period ended June 30,	
	2020	2021
Interest expense:		
Bank borrowings	$ 10,103	$ 13,222
Convertible bonds	3,997	-
Interest expense on lease liabilities	77	160
Less: Capitalisation of qualifying assets	(896)	(5,727)
Finance costs	$ 13,281	$ 7,655

(24) Income tax

A. Reconciliation between income tax benefit and accounting profit

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Tax calculated based on loss before tax and statutory tax rate	($ 34,155)	($ 32,532)
Expenses disallowed by tax regulation	3,085	109
Tax exempted income by tax regulation	-	(10,246)
Temporary difference not recognised as deferred tax assets	1,550	1,011
Loss carryforward not recognised as deferred tax assets	29,514	41,658
Below the tax threshold	6	-
Income tax expense	$ -	$ -

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2021
Tax calculated based on loss before tax and statutory tax rate	($ 40,389)	($ 86,804)
Expenses disallowed by tax regulation	4,549	2,441
Tax exempted income by tax regulation	-	(13,785)
Temporary difference not recognised as deferred tax assets	1,696	1,908
Loss carryforward not recognised as deferred tax assets	34,138	96,240
Below the tax threshold	6	-
Income tax expense	$ -	$ -

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

C. The income tax returns of the Company's subsidiary, Enimmune Corporation, through 2018 have been assessed and approved by the Tax Authority.

D. The income tax returns of the Company's subsidiary, Eggs Corporation, through 2019 have been assessed and approved by the Tax Authority.

E. The income tax returns of the Company's indirect subsidiary, Animmune Corporation, through 2019 have been assessed and approved by the Tax Authority.

(25) Losses per share

	Three-month period ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Losses attributable to the parent	($ 142,703)	$ 407,692	($ 0.35)

	Three-month period ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Losses attributable to the parent	($ 162,977)	$ 429,508	($ 0.38)

	Six-month period ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Losses attributable to the parent	($ 159,554)	$ 389,945	($ 0.41)

	Six-month period ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Losses attributable to the parent	($ 412,775)	$ 429,508	($ 0.96)

(26) Transactions with non-controlling interest

The Company did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

The Group's subsidiary, Enimmune Corporation, increased its capital by issuing new shares on May 22, 2020. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share interest by 1.37%. The transaction increased non-controlling interest by $177,021 thousand and decreased the equity attributable to owners of parent by $9,305 thousand. The effect of changes in interests on Enimmune Corporation on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

		Year ended June 30, 2020
Cash	$	167,716
Increase in the carrying amount of non-controlling interest	(	177,021)
Accumulated deficit	($	9,305)

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six-month period ended June 30,			
	2020		2021	
Purchase of property, plant and equipment	$	41,087	$	412,097
Add: Opening balance of payable on equipment		8,101		24,363
Less: Ending balance of payable on equipment	(	8,275)	(	134,681)
Cash paid during the period	$	40,913	$	301,779

B. Financing activities with no cash flow effects

	Six-month period ended June 30, 2020	
Convertible bonds converted to capital stocks	$	574,927

Six-month period ended June 30, 2021: None.

(28) Changes in liabilities from financing activities

	Long-term borrowings (Note)		Convertible bonds (Note)		Lease liabilities (Note)		Liabilities from financing activities - gross	
At January 1, 2020	$	1,144,000	$	1,465,018	$	2,460	$	2,611,478
Changes in cash flow from financing activities	(	28,592)		-	(	2,723)	(	31,315)
Changes in other non-cash items		-	(	1,266,347)		13,568	(	1,252,779)
At June 30, 2020	$	1,115,408	$	198,671	$	13,305	$	1,327,384

Note: including current portion.

	Long-term borrowings (Note)		Lease liabilities (Note)		Liabilities from financing activities - gross	
At January 1, 2021	$	1,309,379	$	14,361	$	1,323,740
Changes in cash flow from financing activities	(	1,034)	(	4,540)	(	5,574)
Changes in other non-cash items		-		8,344		8,344
At June 30, 2021	$	1,308,345	$	18,165	$	1,326,510

Note: including current portion.

(29) Seasonality of operations

Due to the fact that the peak of influenza epidemic in Taiwan is usually from late November, the delivery of flu vaccines is usually concentrated in the second half of the year. Thus, higher revenues and operating profits are usually expected in the last six months.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three-month period ended June 30	
	2020	2021
Salaries and other short-term employee benefits	$ 22,641	$ 26,544
Post-employment benefits	549	582
Share-based payments	792	7,914
	$ 23,982	$ 35,040

	Six-month period ended June 30	
	2020	2021
Salaries and other short-term employee benefits	$ 35,855	$ 74,069
Post-employment benefits	1,078	1,191
Share-based payments	1,290	15,741
	$ 38,223	$ 91,001

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	June 30,2020	December 31, 2020	June 30, 2021	Purpose
Property, plant and equipment	$ 1,890,289	$ 1,651,031	$ 1,581,167	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	506,724	1,997	1,986	Pledged for convertible bonds and long-term borrowings
Time deposit (included in financial assets at amortised cost - current)	7,600	12,500	12,500	Performance bond for bidding
	$ 2,404,613	$ 1,665,528	$ 1,595,653	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company has signed a supply contract which ended in 2013 with GEEP Taiwan ("GEEP") in 2007. However, GEEP Taiwan has filed a civil lawsuit against the Company after the contract ended in 2013 for payment of the construction expense for factory expansion, damages arising from insufficient amount of eggs claimed by the GEEP and defective rate of embrocated egg exceeding standards, and the total compensation claimed amounted to $12,627 thousand and EUR 500 thousand. The Company believed transactions with GEEP Taiwan proceeded fairly and reasonably under the mutually agreed contract and regulation, and transaction terms were the same as with other suppliers. As the appointed lawyers have assessed the lawsuit to be unreasonable, and the possibility of the Company incurring a loss as a result of the lawsuit is low, the Company has not accrued any loss. For the lawsuit related to the construction expense for factory expansion, the High Court denied the GEEP's claim on September 30, 2015. And the lawsuit related to the damages arising from insufficient amount of eggs claimed by the plaintiff was dismissed by the High Court on July 12, 2017. On August 8, 2017, the plaintiff filed an appeal to the Supreme Court, and the appeal was denied by the Supreme Court on January 16, 2020. The claim against the Group for payment of the defective rate of embrocated egg exceeding standards was denied by the High Court on April 11, 2017. On May 5, 2017, the plaintiff filed an appeal to the Supreme Court. However, the Supreme Court remanded the case to the Taiwan High Court Taichung Branch Court on October 16, 2019. On November 18, 2020, Taiwan High Court Taichung Branch Court rendered a judgment that the Company is liable for compensation of $4.39 million along with interests. The Company has appointed lawyers to file an appeal with indictment to the Supreme Court.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2020	December 31, 2020	June 30, 2021
Property, plant and equipment	$ 462,979	$ 961,683	$ 590,886

B. The Company has signed technical contracts relating to continuing development of vaccine of Enterovirus 71 ("EV 71") with the Center for Disease Control, R.O.C. ("CDC") and the National Health Research Institute ("NHRI") in 2011. Details of each stage in the contracts are as follows:

(a) The Company has signed technical contracts relating to licensing technology of EV71 with CDC and NHRI in September 2011. The main commitments of the technology license are as follows:

i. Licensing period: Starting from the date when the three parties sign the contracts.

ii. Authorisation expense: The contracts are signed to pay in accordance with progress.

(b) In May 2020, the Company renewed "Commission Service Contract" signed in May 2018 with NHRI to provide the Company with development platform for vaccine. The main terms of the contract are as follows:

i. Commission period: 2 years (2020.5.1~2022.4.30)

ii. Commission expense: Service expense is paid each month.

(c) The Company has signed "EV 71 vaccine Phase I clinical trial result authorisation" corporation contract with CDC and NHRI in April 2013. NHRI has authorised the technology through non-exclusive license. Details of key commitments are as follows:

i. Contract period: Starting from the date when three parties sign the contract until 25 years after the Company's first EV71 vaccine is authorised.

ii. Authorisation fee: The Company pays authorization fee in accordance with contracted progress within 2 years after the contract is signed.

(d) The Company has signed the "Commission Service Contract" with NHRI to provide the Company with cell culture platform for vaccine. The main terms of the contract are as follows: Commission service fee: The contracts are signed to pay in accordance with progress.

C. The Company has signed a processing agreement with Shenzhen Techdow Pharmaceutical Co., LTD ("TECHDOW") on January 18, 2013.

The two companies' cooperative injection technique, which is the Company's packing techniques (aseptic prefilled injection packing techniques) along with TECHDOW's pharmaceutical material (Enoxaparin sodium), has received EMA's authorisation and is processed for mass production. Key commitments of the agreement are as follows:

The Company signed another processing agreement with TECHDOW on September 10, 2019 to cover and replace the initial agreement and extended the cooperation period.

(a) Contract period: 5 years after the completion of construction of the second aseptic injection packing line and production starting for TECHDOW's products from the date of the first order by TECHDOW. Unless one party notifies the other a non-renewal no less than 6 months before the agreement expires, the agreement is automatically renewed every two years.

(b) Processing price: By the process quantity in accordance with the agreement.

(c) Other commitments: During the agreement period, the Company may not directly or indirectly produce same products for supply in any market.

D. On September 29, 2017, the Company signed an agreement with the Institute for Information Industry to implement the Research Program for Developing H7N9 Subunit Flu Vaccines Using Recombinant DNA Proteins. This program was terminated on December 24, 2020 with a total grant of $21,032 thousand.

E. The Company's application of COVID-19 subunit vaccines development program in August 2020 was compliant with the grant criteria of '2020-2021 Subsidies (Donations) for COVID-19 Vaccine Program Handled and Developed by Civil Associations' of CDC after the review. The Company received approved grant amounting to $458.02 million and signed the agreement on October 28, 2020. The grant will be approved and appropriated by CDC upon the completion of each milestone of Phase 1 and 2 clinical trials, item by item. Accumulatedly recognised grant income as at June 30, 2021 was $118,574 thousand.

F. On March 25, 2019, the Group's subsidiary, Enimmune Corporation ("Enimmune"), signed an agreement with the Institute for Information Industry to implement the Phase 3 Clinical Testing Program of EV71 Vaccines Manufactured from Bioreactors on Healthy Children. The program has been extended to November 30,2021 and was approved by the Taipei Computer Association, with a total grant of $24,107 thousand. Recognised grant income as of June 30, 2021 was $585 thousand. Letters from Institute For Information Industry on December 31, 2020 indicates all rights and obligations arising from this agreement shall be borne by the Taipei Computer Association as for now. The grant receivables as at June 30, 2021, December 31, 2020 and June 30, 2020 were $585 thousand, $5,729 thousand and $16,697 thousand(is included in other current assets), respectively. The grant of 2019 was received in October 2020 and the grant of 2020 is still awaiting the confirmation from the Taipei Computer Association. The main rights and obligations of the agreement are listed as follows:

(a) All results from the Enimmune's implementation of the research program, including knowledge, technologies, and intellectual property belong to the Enimmune. The Enimmune has the responsibility to manage and apply these results.

(b) If the source of the Taipei Computer Association's grant is the Executive Yuan's National Science and Technology Development Fund, the Enimmune's ownership, management, and application of the research results shall be governed by the terms of Executive Yuan's National Science and Technology Development Fund Grant Contract.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's capital management is based on the industry where the Group is in, industry's future growth and product development to set an appropriate market share, set a corresponding capital expenditure. The management also based on operating funds calculated based on financial operation plans and consideration of operating profit and cash flow generated by product competitiveness to determine an appropriate capital structure.

(2) Financial instruments

	June 30, 2020	December 31, 2020	June 30, 2021
Financial assets			
Financial assets at fair value through profit or loss - current	$ 274	$ -	$ -
Financial assets at fair value through other comprehensive income - non-current	150,596	137,082	208,117
Financial assets at amortised cost			
Cash and cash equivalents	2,179,525	4,087,463	2,875,484
Financial assets at amortised cost - current	87,600	349,558	299,000
Notes receivable	-	12	-
Accounts receivable	124,988	109,737	51,163
Financial assets at amortised cost - non-current	506,724	1,997	1,985
Other receivables (included in other current assets)	26,753	5,729	585
Refundable deposits (included in other current assets and other non-current assets)	32,949	7,540	63,663
	$ 3,109,409	$ 4,699,118	$ 3,499,997

Financial liabilities			
Financial liabilities at amortised cost			
Notes payable	$ 33,854	$ -	$ 25,307
Accounts payable	82,690	23,455	112,736
Other payables	127,227	222,828	305,116
Bonds payable	198,671	-	-
Long-term borrowings (including current portion)	1,115,408	1,309,379	1,308,345
	$ 1,557,850	$ 1,555,662	$ 1,751,504
Lease liabilities (including current portion)	$ 13,305	$ 14,361	$ 18,165

B. Financial risk management policies

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

(b) Group treasury identifies, evaluates and hedges financial risks by closely cooperating with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

A. The Group manages their foreign exchange risk against their functional currency. The Group is required to hedge their entire foreign exchange risk exposure via the Group treasury.

B. Foreign exchange risk between RMB and USD with NTD is mainly from exchange loss or profit arising from conversion of cash and cash equivalents and accounts receivable denominated in RMB and USD.

C. The Group's businesses involve foreign exchange variation, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

	June 30, 2020					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD ：NTD	$ 12,433	29.58	$ 367,764	1%	$ 3,678	$ -
RMB：NTD	6,057	4.17	25,232	1%	252	-
Financial liabilities						
Monetary items						
CHF：NTD	$ 73	31.26	$ 2,288	1%	$ 23	$ -

	December 31, 2020					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 8,043	28.43	$ 228,665	1%	$ 2,287	$ -
JPY ：NTD	36,931	0.27	10,130	1%	101	-

	June 30, 2021					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 5,180	27.81	$ 144,056	1%	$ 1,441	$ -
JPY ：NTD	32,446	0.25	8,112	1%	81	-

Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2021 and 2020 amounted to exchange gain of $1,046 thousand, loss of $5,657 thousand, gain of $572 thousand and loss of $4,135 thousand, respectively.

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.

ii. The Group’s investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the six-month periods ended June 30, 2021 and 2020 would have increased/decreased by $2,081 thousand and $1,506 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

ii. As at June 30, 2021 and 2020, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by $1,309 thousand and $1,115 thousand, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group’s cash and cash equivalents are deposited in financial institutions with optimal credit quality. The Group manages their credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'twBBB' are accepted. In order to prevent excessive concentration and to disperse credit risk, the Group manages the deposit ratio in each financial institution, and the credit quality of banks amd financial institutions the Group trades with is optimal. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group screens potential transaction counterparties based on their credit history, and only enters into transactions with counterparties that reach a certain level of credit quality; hence, there is no significant credit risk.

iii. The Group adopts the assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition, the default occurs when the contract payments are past due over 90 days.

iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure the Group's rights. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had no written-off financial assets that are still under recourse procedures.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group's expected loss rate for accounts receivable that are not past due or are past due within 30 days were both immaterial.

vii. As of June 30, 2021, December 31, 2020 and June 30, 2020, there was no change and balance in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable.

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group has undrawn borrowing facilities amounting to $2,900,000 thousand, $2,900,000 thousand and $1,270,123 thousand, 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

June 30, 2020	Less than 3 months	Between 3 months and 1 year	Between 1and 3 years	Over 3 years	Total
Accounts payable	$ 82,690	$ -	$ -	$ -	$ 82,690
Notes payable	33,854				33,854
Other payables	127,227	-	-	-	127,227
Corporate bonds payable	-	-	198,893	-	198,893
Long-term borrowings (Note)	4,398	50,477	263,524	909,770	1,228,169
Lease liabilities (Note)	1,557	4,176	6,006	1,881	13,620

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1and 3 years	Over 3 years	Total
Accounts payable	$ 23,455	$ -	$ -	$ -	$ 23,455
Other payables	222,828	-	-	-	222,828
Long-term borrowings (Note)	6,399	19,190	248,210	1,240,067	1,513,866
Lease liabilities (Note)	1,689	5,848	6,145	970	14,652

June 30, 2021	Less than 3 months	Between 3 months and 1 year	Between 1and 3 years	Over 3 years	Total
Notes payable	$ 25,307	$ -	$ -	$ -	$ 25,307
Accounts payable	112,736	-	-	-	$ 112,736
Other payables	305,116	-	-	-	305,116
Long-term borrowings (Note)	6,397	19,190	207,167	1,274,567	1,507,321
Lease liabilities (Note)	2,969	6,418	7,844	1,006	18,237

Note: including current portion

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, accounts payable, other payables, other current liabilities and long-term borrowings are approximate to their fair values.

	June 30, 2020	
		Fair value
	Book value	Level 3
Financial liabilities:		
Corporate bonds payable	$ 198,671	$ 197,620

Six-month periods ended June 30, 2021 and December 31, 2020:None.

(b) The Group uses the methods and assumption of fair value estimate as follows:

Convertible bonds payable: It refers to convertible bonds issued by the Group. The coupon rate approximately equals market interest rate so that the fair value is measured with discounted cash flow projections, which approximately equals the carrying amount.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of nature of the assets and liabilities is as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss-Redemption of convertible bonds	$ -	$ -	$ 274	$ 274
Financial assets at fair value through other comprehensive income - Equity securities	-	-	150,596	150,596
	$ -	$ -	$ 150,870	$ 150,870

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income - Equity securities	$ -	$ -	$ 137,082	$ 137,082

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income - Equity securities	$ -	$ -	$ 208,117	$ 208,117

(b) The methods and assumptions the Group used to measure fair value are as follows:

The fair value of financial instruments without active market is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques refers to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2021 and 2020:

	Non-derivative equity securities	
	2020	2021
At January 1	$ 171,789	$ 137,082
Gains(losses) recognised in other comprehensive income(loss)	(21,193)	71,035
At June 30	$ 150,596	$ 208,117

	Embedded derivative instruments	
	2020	2021
At January 1	$ 717	$ -
Gains(losses) recognised in loss or profit	1,385	-
Conversion for the year	(1,828)	-
At June 30	$ 274	$ -

E. For the six-month periods ended June 30, 2021 and 2020, there was no transfer into or out from Level 3.

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 150,596	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.
Hybrid instruments: Corporate bonds redemption rights	$ 274	Binomial Model	Volatility	55.61%	The higher the volatility, the higher the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 137,082	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.

	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 208,117	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.

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

			June 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 9,771	($ 9,771)
Hybrid instrument	Volatility	±5%	$ 104	($ 181)	$ -	$ -

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 17,194	($ 17,194)

			June 30, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 21,130	($ 21,130)

(4) Other

The financial and business activities of the Group have not been materially affected by the spread of COVID-19 pendemic and the government’s anti-epidemic policies. To follow the government's anti-epidemic policy, The Group has adopted methods, such as access control in workplace and remote working, to maintain operations.

13. SUPPLEMENTARY DISCLOSURES

(3) Significant transactions information

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

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

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

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

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

J. Significant inter-company transactions during the reporting periods: 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: Please refer to table 3.

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 4.

14. SEGMENT INFORMATION

The Group operates business only in a single industry. The Group’s management allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

		Relationship with the	General	As of June 30, 2021				
Securities held by	Marketable securities	securities issuer	ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,991,057	$ 200,924	1.90	$ 200,924	-
Adimmune Corporation	Hematech Biotherapeutics Inc.	Same chairman	Financial assets at fair value through other comprehensive income - non-current	792,114	7,193	5.00	7,193	-
				Total	$ 208,117	Total	$ 208,117	

Adimmune Corporation and subsidiaries

Information on investees(Not including investees in Mainland China)

For the six-month period ended June 30, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at June 30, 2021: Number of shares	Shares held as at June 30, 2021: Ownership (%)	Shares held as at June 30, 2021: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2021	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2021	Footnote
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	$ 485,820	$ 485,820	30,600,000	51.00	$ 181,281	($ 13,497)	($ 6,884)	Note 1
Adimmune Corporation	Global commonwealth life science (holdings) limited	Hong Kong	Investment	-	-	2	100.00	-	-	-	Notes 1 & 3
Adimmune Corporation	Adimmune B.V.	Netherland	Investment	-	-	-	100.00	-	-	-	Note 1
Adimmune Corporation	Eggs Corporation	Taiwan	Animal Husbandry	30,000	30,000	3,000,000	100.00	10,366	(2,627)	(2,627)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	21,000	21,000	2,100,000	51.22	7,915	(5,126)	(2,626)	Note 2

Note 1: The Company's subsidiary.

Note 2: It’s the Company’s second-tier subsidiary

Note 3: Initial investment was NT$ 8.(in dollars)

Adimmune Corporation and subsidiaries
Information on investments in Mainland China
For the six-month period ended June 30, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method（Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2021	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Adimmune Co., Ltd. Nanjing, China	Business sales & acquisition	$ -	1	$ -	$ -	$ -	$ -	$ -	100.00	$ -	$ -	$ -	Note 2 & 3

Note 1: Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others
Note 2: The company was approved for business registration by the compentent authority on August 10, 2016. As of June 30, 2021, the company still has not yet initiated its operation, thus, no related investment profit or loss.
Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note)
Adimmune Co., Ltd. Nanjing, China	$ -	$ 10,000	$ 3,772,507

Note: Calculated in accordance with the limits set in the "Principles for the Review of Investment or Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs (60% of the net value).

Adimmune Corporation and subsidiaries

Major shareholders information

For the six-month period ended June 30, 2021

Table 4

	Shares		
Name of major shareholders	Number of shares held	Ownership (%)	Footnote
National Development Fund, Executive Yuan	48,584,162	11.31%	Notes1 & 2
Bioengine Technology Development Inc.	37,100,000	8.63%	

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.