

Stock Code : 4737

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Company website: <http://www.bionime.com.tw>

A stylized world map in a light orange color serves as the background for the entire page. The map is centered and shows the outlines of the continents.

BIONIME

Bionime Corporation

2020 Annual Report

Published on 15 May, 2021

1. Company Spokesman:

Spokeman

Name: Huang Chu-Mu

Title: Chairman

Tel: (04) 2369-2388

Email: investor@bionime.com

Acting spokeman

Name: Chen Hui-Zhen

Title: Chief Financial Officer

Tel: (04) 2369-2388

Email: investor@bionime.com

2. Address and telephone number of the Company:

Address: No. 100, Section 2, Daqing Street, Southern District, Taichung

Tel: (04)2369-2388

Fax: (04)2261-7586

3. Name, address and telephone number of the stock transfer agency:

Name: Stock Agency Department, China Trust Commercial Bank

Address: 5th Floor, No. 82, Section 1, Chongqing South Road, Taipei

Website: www.chinatrust.com.tw

Tel: (02) 6636-5566

4. CPAs certifying the latest financial statements

Names of CPAs: Zhang Zi-Xing, Wu Jun-Yuan

Name of CPA firm: KPMG Taiwan

Address: 68th Floor, No. 7, Section 5, Xingyi Road, Xingyi District, Taipei

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

5. Venue for trading the Company's listed overseas securities and inquiry method for such overseas securities: Nil

6. Company website: <http://www.bionime.com.tw>

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I. Letter to Shareholders

1. Business Report

(1) 2020 Annual operating report

2020 Business result:

(Unit: NT\$ thousand)

Annual	2020	2019	Increase/Decrease	Percentage
Net Operating Revenue	1,668,586	2,172,923	(504,337)	-23.21%
Gross Profit	749,125	948,418	(199,293)	-21.01%
Operating Expenses	728,004	792,147	(64,143)	-8.10%
Operating Income	21,121	156,271	(135,150)	-86.48%
Income after Tax	63,520	106,711	(43,191)	-40.47%

(2) The analysis of 2020 and 2019 financial structure and profitability:

Annual		2020	2019
Items			
Financial Structure	Debts ratio(%)	53.82	53.52
	Long Term Funds to Fixed Assets(%)	123.58	113.08
Profitability	Return on Assets(%)	1.81	2.93
	Return On Equity(%)	3.08	5.28
	Profit Margin(%)	3.80	4.91
	Earnings Per Share	1.06	1.85

(3) Budget implementation: . The execution of budget is not disclosed, as the 2020 financial forecast was not publicly released.

(4) Status of research and development:

(a) The ratio of research and development fee in net amount of revenue and the result of research and development in last 3 years

Annual Items	2020	2019	2018
R&D Expenses	247,875	255,121	201,186
Net income ratio	15.29%	11.74%	10.02%
R&D Achievements	NM700 Series New test strip blood glucose monitoring instrument App NM702/NM712/NM722 Applying for permits of Bluetooth blood glucose monitoring instrument	GM111 / 551 Bluetooth blood glucose	GM762 POCT is on the market GM770 / 772 Bluetooth blood glucose is on the market

- (b) Machine types expected be developed in 2021:
 - i. Continuous blood glucose monitor
 - ii. Continuous Insulin Pump
 - iii. Blood Glucose and Ketone Monitoring System
 - iv. New type of Strips for Monitors

2. 2021 Business Plan

(a) Operating Strategies

As a result of the outbreak of COVID-19 epidemic worldwide, the sharp depreciation and fluctuations of foreign currency the U.S. dollar exchange rate, and customers' shortage of international shipping containers, the Company's entire revenue target were deeply affected in 2020. Since the global epidemic is not yet controlled, the Company spares no efforts to break through the siege and expects to bring new prospects soon.

Looking forward to 2021, the R&D results of continuous blood glucose monitoring (CGM) system are successful to reach technical feasibility steps after years of efforts, and the Company has now applied and obtained several international patents in this regard. It built up the CGM automated production equipment and submitted applications for clinical tests to authorities concerned in Taiwan at the same time. To this end, the Company's devotion to the development and refinement of its diabetes care products will be continued, and the Industry 4.0-intelligent manufacturing will also be promoted actively, an effort to enhance production efficiency, product quality, and a better competitive edge in the market.

(b) Sales volume and estimations

The Company's sales volume is estimated according to conditions as follows: sales results of 2020, references to the industrial environment, market demands, and considerations of the Company's production capacity and future requirements of customers. Thus, the Company estimates the output of its blood glucose test strips to stand at about 550 million units in 2021.

(c) Production and sales policy

- (i) To continue production equipment upgrades, cost-down of production, improvements of both production efficiency and product quality.
- (ii) To establish a second test strip platform, and explore more customers and business opportunities.
- (iii) To integrate marketing resources of the group, and concentrate on the development of key regional markets.

(d) The Expected Development Strategy

- (i) To carry on the development of "continuous blood glucose monitors".
- (ii) To invest in both hardware and software equipment of intelligent manufacturing in order to improve the Company's production and management efficiencies.
- (iii) To develop care blood glucose meters without regional restrictions
- (iv) To further expand business and cooperation ties with potential international customers.

3. External competition environment, Legislation and the influence of Overall Management

(1) External competition environment

Facing huge impacts of the Covid-19 epidemic, the economic environment and

industrial trend of the world have changed and led most industries to enhance the competitiveness and transform into digitalization efforts. The global medical equipment market reached a scale worth US\$ 420 billion in 2020, and expects to enjoy a compound annual rate of 5-6% and stand at US\$475.3 billion by 2022. And with the increase of aging population, the world's medical care expenditures continues to rise and incurs tremendous financial burdens. The world's medical materials manufacturers are now seeking innovative technologies with goals to slow down medical care expenditures, simplify medical procedures, and promote a precise development with AI/health big data. By doing so, manufacturers in the line enable to use higher cost performances to grasp more market opportunities in the future.

(2) Legislation

The MDR will be introduced into EU's medical device regulations in May 2021, and followed by IVDR in 2022. The quality requirements and technical document costs are expected to increase sharply, thus extending the time to obtain relevant certifications. It is estimated that product expansion or maintenance of CE permits will become more difficult than ever. Taiwan withdrew medical devices from its Pharmaceutical Affairs Law and introduced the Medical Device Management Law instead, an effort to strengthen medical device tracking, notification, and post-market safety supervision and management. Medical device manufacturers are suggested that they adjust quality system in accordance with relevant laws and meet the requirements of new regulations.

(3) The influence of Overall Management

The global economy will suffer huge impacts in the wake of Covid-19 epidemic, the prediction made by most governments, experts, and scholars in the world. As an export-oriented industry, the Company's business will inevitably be affected to somewhat extent. On the basis of technological and product competitiveness advantages, Bionime expects to face any possible fluctuations that may happen in the entire economic market.

We would like to thank our colleagues, for your persistent efforts in upholding the strategic goal of the company, and the shareholders, for your supports and encouragements. Looking ahead, through augmented hard-work and competitiveness, we relish the sustainable prospect of our business playing the international leading role in the industry of medical measurement devices. We shall not fail your expectation and concern.

Best Regards.

Chairman and General Manager: Huang, Chun-Mu



Accounting Supervisor: Chen, Ya-Wen



II. Company Profile

1. Company Profile

(1) Date of Establishment: April 14, 2003

(2) Address and telephone number of the head office branch office and factory

No. 100, Sec. 2 Daqing Street, South District, Taichung.

Head office telephone number: (04)2369-2388

Da-Wei factory address: No. 34, Da-Wei Road, Dali District, Taichung

Da-Wei factory telephone number: (04) 2406-5558

(3) Company History

2003	April	“BIONIME” was founded
2004	November	The Subsidiary BVI was set up - BIONIME INCORPORATED
2005	April	The Subsidiary BIONIME GmbH Switzerland was set up
	June	Passed Taiwan GMP Certification
2006	February	The Subsidiary BIONIME (ShenZhen) was set up
	June	Obtained the structure of disposable electrochemical test piece from the United States and Taiwan and the patent for its production
2007	July	Passed TNO Certification: BIONIME blood glucose detection system Rightest passed the European TNO Certification, Report Number CERTI 06.20578
2008	February	American subsidiary - BIONIME USA Corporation was set up.
2009	January	Cash increased by NT\$13,281 thousand, and the paid-in capital increased to NT\$278,844 thousand
	September	Capital surplus transferred to capital was NT\$27,884 thousand, dividend and employee dividends were converted into common stock of NT\$43,757 thousand, employee stock option certificates were converted into common stock of NT\$1,871 thousand, and the paid-in capital increased to NT\$352,356 thousand

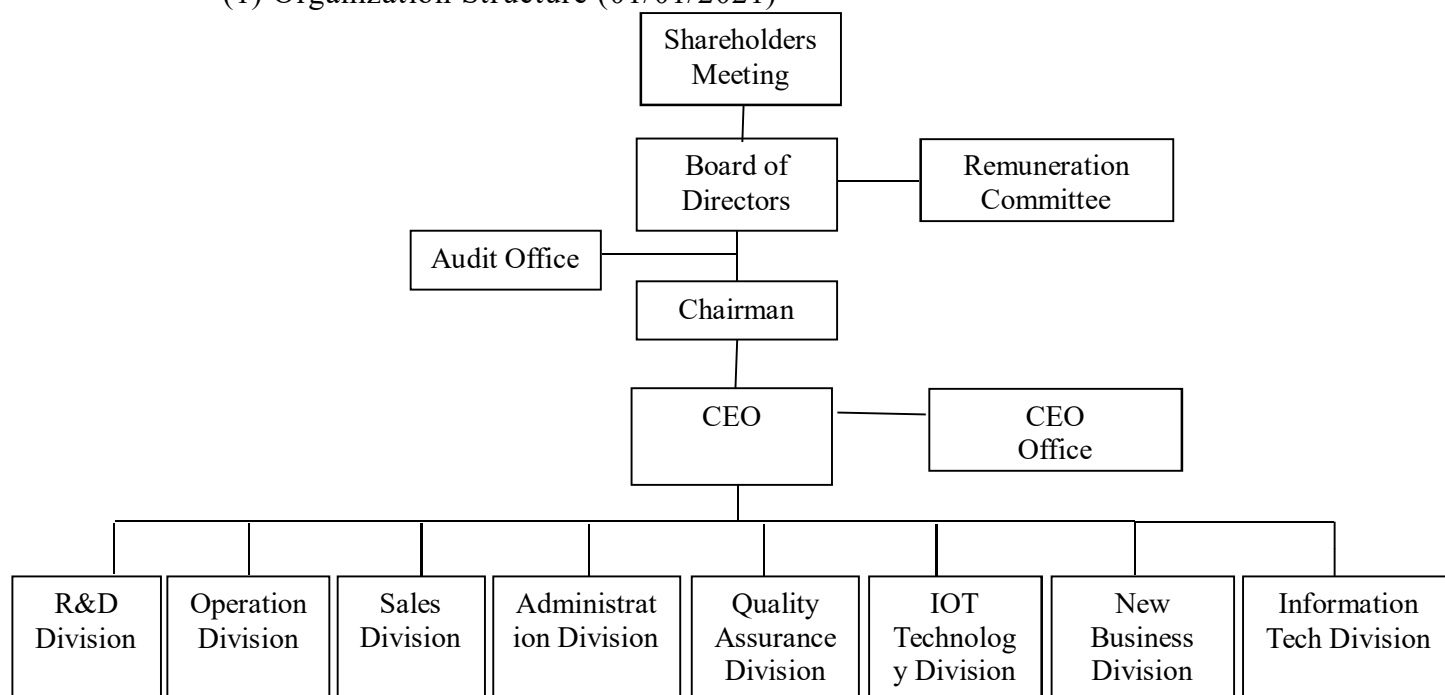
2010	February	Employee stock option certificates converted to common stock of NT\$10,000 thousand, paid-in capital increased to NT\$362,356 thousand.
2010	February	Australian subsidiary - Bionime Australia Pty Ltd. was set up
	August	Approved to apply a high-tech list company by Industrial Development Bureau, Ministry of Economic Affairs.
	September	Won the highest award of Taipei Biotech competition – Technical Commoditization Gold Award
	December	Cash increased and was officially listed
2011	March	Strategic global cooperation with GE during term of Licensing Agreement in diabetes technology
	July	Purchase of land property for extending operation
	July	Passed Taiwan AEO Certification –for import and export industry and manufacturing industry
	September	Passed certification of OHSAS 18001 (Occupational Health and Safety Assessment Series)
	December	Won the Innovation Award from Taiwan Ministry Economic Affair
2012	January	The first domestic unsecured convertible corporate bond issuance completed
	January	The new plant broke ground
	January	Officially launched the blood glucose meter GE100 in North America
	February	The first domestic private placement of unsecured convertible corporate bonds
	December	New product “Mylife Unio” shipped to European Market
2013	March	New building & factory completion

	March	MyLife Unio won Reddot Design Award
	September	The new plant Daqing factory passed Taiwan GMP certification
	September	The blood collection pen GD500 won the Silver Award of National Invention Award
	October	The new blood glucose meter GM720 won the praise of the Ministry of Economics for industrial innovation achievements
2014	January	GM720 won the Taiwan Excellence Award
	June	Members of the Diplomatic and Economic Representatives based in Taiwan visited Bionime for exchange of international business.
	November	Won the silver medal of 2014 Invention Creation Award
2015	December	Private placement of securities of NT\$1.14billion
2016	August	Certified by Brazil's National Health Surveillance Agency and received ANVISA Certificate
2017	February	GM700 Pro GM700 won the Taiwan Excellence Award
2018	March	Established Malaysian subsidiary – Bionime (Malaysia) SDN BHD
	November	Rightest smart blood glucose management won the 27 th Taiwan Excellence Award in 2019
2019	November	“Rightest Precision Healthcare Ecosystem” won the 28 th Taiwan Excellence Award in 2020
2020	January	Obtained the Medical Device Single Audit Program(MDSAP)
	March	Rightest CARE App passed CE certification

III. Corporate Governance Report

1. Organization System

(1) Organization Structure (01/01/2021)



(2) Division Functions

Division	Functions
Remuneration Committee	Assist the board of directors to implement and evaluate the company's overall remuneration and welfare policies, and the remuneration of directors, supervisors, and managers.
CEO Office	Abide by the resolutions of the shareholders' meeting and the board of directors, and orders from the board of directors, concerning all matters with the Company.
Audit Office	Report to the Board and Administration Division to take in the extent to which the operational effectiveness and efficiency objectives have been achieved as well as the reliability of the financial statements and relevant laws and regulations to comply with the relevant internal controls. Point out internal control deficiencies and any suggestions as well as abnormal matters tracking improvement.
R&D Division	Responsible for blood glucose meter, test strip software and hardware design for new product development
Operation Division	In charge of the Company's production and outsourcing processing, and achieve the Company's annual production plans and goals.
Sales Division	In charge of the Company's product business sales and customer service.
Administration	Responsible for the Company's administrative affairs, human resources

Division	management, information management, financial management and accounting.
Quality Assurance Division	Independently responsible for company quality management matters.
IOT Technology Division	Apply innovate software technology to build a diabetes health care Cloud system.
New Business Division	Research evaluation and development design of new products.
Information Tech Division	Planning and management of computer software and hardware maintenance and expansion, information security management, computer system analysis and program design maintenance and improvement, information system/network system database planning and maintenance.

2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistant General Managers and other Departments and Branch Managers

(1) Information of Directors and Supervisors

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Elected Date	Term	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Current Shareholding		Current Shareholding in the name of others		Experience (Education) (Note 3)	Current Positions at the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relationships	
Chairman	Taiwan	Huang, Chun-Mu	Male	6/20/2019	3	4/14/2003	2,405,492	4.04%	2,470,992	3.97%	1,120,380	1.80%	-	-	National Taipei University of Technology MS Tech General Manager	General Manager of the Company	-	-	-	Note 4
Director	Taiwan	Hua Eng wire&cable co.,ltd. Representative: Lin,Ming-Hsiang	-	6/20/2019	3	3/25/2010	7,807,900	13.12%	7,807,900	12.55%	0	0.00%	-	-			-	-	-	-
			Male	6/20/2019	3	3/25/2010	0	0.00%	0	0.00%	0	0.00%	-	-	Department of Business at Kaohsiung Commercial High School Examination Yuan Level B Financial Executive Qualification Deputy general manager at Hua Eng Wire & Cable Co., Ltd	Director at Hua Eng Wire & Cable Co., Ltd Director at First Copper Technology Co., Ltd. Director at China Ecotek Corporation Director at Wafer Works Corp. Managing Supervisor at Asia Pacific Telecom Co., Ltd. Director at Co-Tech Development Corporation Director at Savior Lifetec Corporation Director at Pixon Technologies Deputy General Manager at Hua Eng Wire & Cable Co., Ltd	-	-	-	-
Director	Taiwan	Chiang, Tai-Hsiung	Male	6/20/2019		10/17/2007	807,657	1.36%	887,657	1.43%	6,280	0.01%	-	-	Graduate Institute of Law from Chinese Culture University Deputy general manager at Microlife	Executive deputy manager of the Company Director at ONBO Electronic (Shenzhen)	-	-	-	-

Supervisor	Taiwan	Tai, Tsung-Kai	Male	6/20/2019	5/15/2007	405,236	0.68%	405,236	0.65%	22,003	0.04%	-	-	Department of Physics at Tunghai University Director at UNIVACCO Technology Inc. General Manager at UNIVACCO Inc. Vacuum Materials (Dongguan)	-	-	-	-
Supervisor	Taiwan	Su, Chin-Pin	Male	6/20/2019	2/5/2016	1,087,817	1.83%	1,087,817	1.75%	0	0.00%	-	-	Department of International Grade at Soochow University	General Manager at Maxhealth Corporation	-	-	-
Supervisor	Taiwan	Lin, Chien-Hsing	Male	6/20/2019	6/28/2013	12,501	0.02%	12,501	0.02%	2,000	0.00%	-	-	Department of Finance and Taxation at National Chengchi University	-	-	-	-

Note 1: The corporate shareholders shall list the names of the corporate shareholder and the name of the representative of the corporate shareholder (if a representative, the names of the corporate shareholder shall be listed) separately and shall be stated in the following Table 1.

Note 2: If there is an interruption during the first elected term of the directors or supervisors, it shall be stated.

Note 3: The experience related to the current position, has held a position at the accounting firm or its affiliates before disclosure, the titles and responsibilities shall be stated.

Note 4: If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclose the related information such as the cause, rationality, necessity and measures taken (such as adding the seats of independent directors, and requiring more than half of the directors not serving as employees or managers concurrently).

Explanation:

(1). The Chairman also concurrently serves as the general manager of the Company. It aims to improve the operation efficiency and the decision execution, and make the Board know the operation condition of the Company better. However, to enhance the independence of the Company, the Company already plans to recruit excellent talents externally and also train competent candidates internally.

(2). At present, the company has taken the following specific measures: (a) The knowledge, skills, literacy and overall competency of the current three independent directors shall be professional to perform the business and effectively play their supervisory functions. (b) More than half of the directors don't serve as employees or managers concurrently.

Table 1: Major Shareholders of Institutional Shareholders

April 19, 2021

Name of Institutional Shareholder (Note 1)	Major Shareholders(Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd.(32.96%), Huahong Investment Co., Ltd.(5.21%), Wang Yang Bi-E(3.49%), Wang Feng-Shu(2.50%), Wang Wen-Ling(2.20%), Wang Hong-Ren(2.12%), Wang Yu-Fa1.75%), Wang Hong-Ming(1.46%), Chen Kun-Rong(0.81%), Wang Wu Li-Yan(0.80%)
Tonghua Dongbao Pharmaceutical Co., Ltd.	Dongbao Industrial Group Co., Ltd. (38.56 %), Tianjin Zhenyi Enterprise Management Consulting LP (9%), HKEX(6.02%), China Universal Asset Management Fund—National Council for Social Security Fund 1103 Portfolio(2.68%), Bank of China Limited—China Merchants Fund Management Co., Ltd. Biomedical Index Graded Securities Investment Fund (1.00%), China Universal Asset—Industrial Bank—China Universal—Xinghui No. 98 Collective Asset Management Plan (0.90%), National First Pensions Trust Company—Equity Fund (0.79%), National Social Security Fund 503 portfolio (0.74%), Bank of China Limited—Jiashi value selected stock securities investment fund (0.66%), Chang,Wei(0.64%)

Note 1: If the Director or Supervisor is the representative of a corporate shareholder, please fill in the name of the corporate shareholder.

Note 2: Please fill in the name of the major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding ratio. If the major shareholder is a corporate shareholder, please also fill in Table 2.

Table 2: Major shareholders of the major shareholders in Table 1 who are Institutional shareholders

April 19, 2021

Name of Institutional Shareholder	Major Shareholder
First Copper Technology Co., Ltd.	Hua Eng wire&cable co.,ltd. (39.44%), Huahong Investment Co., Ltd. (9.60%), Wang Yang Bi-E(2.52%), Wang Wen-Ling (1.82%), Wang Feng-Yuan (0.67%), CITI BANK TRUST ACCOUNT(DFA Emerging Markets Core Securities Investment Account) (0.55%), International Ship Recycling Corporation (0.50%), Wang Feng-Shu (0.43%), Wang Hong-Ming (0.41%)
Huahong Investment Co., Ltd.	Hong Kong Gongsheng Industrial Company(79.79%), Wang Wen0-Ling (3.19%), Wang Feng-Juan(3.19%), Wang Feng-Shu(3.19%), Wang Hong-Ren(3.19%), Wang Hong-Ming(2.87%), Wang Yu-Ting (2.13%), Wang Yu-Fa (1.07%), Wang Feng-Qin(0.85%), Wang Yang Bi-E (0.53%)
Dongbao Industrial Group Co., Ltd.	Li Yi-kui (12.24%), Li Chia-Wei(10.77%), Li Chia-Hong(10%), Wany,Tien-Feng(8.31%), Tsao,Fu-Po(7.98%), Hsing,Cheng(7%), Cheng Jian-Chiu (7%), Sun Shiao-Ling (6.69%), Cheng Jian-Chiu (6.4%), Hsu,Ning(6.35%), Leng,Chun-Sheng(6.23%)

Note 1: If the major shareholder in Table 1 is a corporate shareholder, please fill in its name.

Note 2: Please fill in the name of the corporate shareholder's major shareholder (top 10 in shareholding) and the shareholding ratio.

Note 3: For the institutional shareholder that is not a company, the names of shareholders and shareholding ratios shall be disclosed above, namely, names of investors or donors and their capital contribution or donation ratios.

Professional Qualifications and Independence Analysis of Directors and Supervisors:

Name (Note 1)	Criteria	Meet one of the Following Professional Qualification Requirements, together with at Least Five Years Work Experience			Independence Attribute (Note 2)												Number of holding concurrent independent direct or position in other public companies
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Huang, Chun-Mu	-	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-
Chiang, Tai-Hsiung	-	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-
Hua Eng Wire & Cable Co., Ltd. Representative: Lin Ming-Xiang	-	-	V	V	-	-	V	-	V	V	V	V	V	-	V	V	-
Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Chang, WenHai	-	-	V	V	-	-	V	-	V	V	V	V	V	-	V	V	-
Tsai, Gan-Ren	V	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Kuo, Li-Jen	V	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Lu, Hsueh-Yu	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Su, Chin-Pin	-	-	V	V	-	-	V	V	V	V	V	V	V	V	V	V	-
Tai, Tsung-Kai	-	-	V	V	-	V	V	V	V	V	V	V	V	V	V	V	-
Lin, Chien-Hsing	-	V	V	V	-	V	V	V	V	V	V	V	V	V	V	V	-

Note 1: The number of fields is adjusted according to the actual number.

Note 2: The Directors and Supervisors comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

- (1) Not an employee of this Company or its affiliates.

- (2) Not a Director or Supervisor of the Company or its affiliates (however, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary are set up according to this Act of local country ordinances).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings.
- (4) Not a spouse, second-degree relative or third-degree relative of those listed in the above three items.
- (5) Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company.
- (7) Not a director, supervisor, or employee of another company or institution that the chairman, the general manager or the equivalents are the same person or the spouse of these positions of the company(However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).
- (8) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company(However, this does not apply, in cases where the company or institution holds more than twenty percent but less than fifty percent of the total number of outstanding shares of the Company, and the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).
- (9) Not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT\$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services, provided that this restriction does not apply to any member of the compensation committee, the takeover board or the M&A special committee who exercises powers pursuant to Securities Exchange Law or the Corporate M & A Law;
- (10) Not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(2) Information of General Managers, Deputy General Managers, Assistant General Managers and other Department and Branch Managers:

April 26, 2021; Unit: Share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Current Shareholding in the Name of others		Experience (Education)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	Ratio	Share	Ratio	Share	Ratio			Titl e	N a m e	Re lat io ns
Chairman as well as General Manager	Taiwan	Huang, Chun-Mu	Male	7/9/2010	2,470,992	3.97	1,120,380	1.80	-	-	National Taipei University of Technology MS Tech General Manager	Notel	-	-	-
Assistant General Manager of Operation Division	Taiwan	Hsiu Yu-Jen	Male	2/1/2016	82,750	0.13	1,954	0.00	-	-	Master of Bio-Industry Mechanical and Electrical Engineering Institute from National Chung Hsing University	None	-	-	-
Assistant General Manager of R&D Division	Taiwan	Chen Bi-Hsuan	Female	2/1/2016	128,582	0.21	0	0.00	-	-	Master of Biotechnology from National Cheng Kung University	None	-	-	-

Assistant General Manager of New Business Division	Taiwan	Chen Chieh-Shing	Male	5/14/2018	81,750	0.13	14,489	0.02	-	-	Department of Electronics at National Chin Yi University of Technology	None	-	-	-
Assistant General Manager of IOT Technology Division	Taiwan	Yeh Zhi-Long	Male	11/7/2018	75,000	0.12	0	0.00	-	-	Department of Information Management at Chaoyang University of Technology Software Engineer at Johnson Health Tech Software Engineer at Hong Lue Enterprise	General Manager at Shanghai Juyi Medical Network Technology Co., Ltd.	-	-	-
Chief Financial Officer	Taiwan	Chen Hui-Zhen	Female	11/6/2017	84,391	0.14	0	0.00	-	-	Department of Business Administration at Feng Chia University	None	-	-	-
Accounting Officer	Taiwan	Chen Ya-Wen	Female	2/1/2021	3,000	0.00	0	0.00	0	0	Department of Accounting Information, Taichung Institute of Technology	None	-	-	-

Note 1: Information of General Managers, Deputy General Managers, Assistant General Managers and other Department and Branch Managers, and where the position is equivalent to General Manager, Deputy General Manager or Assistant General Manager, regardless of the title shall be disclosed regardless of the title.

(3) Remuneration for Directors (including Independent Directors), Supervisors, General Managers, Deputy General Managers
(a). Most Recent (2020) Traveling Expenses and Remuneration of the Directors

Unit: NT\$ thousand

Title	Name	Directors Compensation						Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income (Note 10)		Compensation paid from an invested company other than the company's subsidiary)	
		Base Compensation (A) (Note2)		Severance Payment (B)		Directors Compensation (C) (Note 3)		Directors Compensation (C) (Note 4)		Salary, Bonuses and Allowances (E) (Note 5)		Severance Payment (F)		Employee Compensation (G) (Note 6)		The Company	All companies in the consolidated financial statement (Note 7)		All companies in the consolidated financial statement (Note 7)
		The Company's financial statement (Note 7)	All companies in the consolidated financial statement (Note 7)	The Company's financial statement (Note 7)	All companies in the consolidated financial statement (Note 7)	The Company's financial statement (Note 7)	All companies in the consolidated financial statement (Note 7)	The Company's financial statement (Note 7)	All companies in the consolidated financial statement (Note 7)	The Company's financial statement (Note 7)	All companies in the consolidated financial statement (Note 7)	Cash	Stock						
Chairman	Huang, Chun-Mu	0	0	0	0	50	50	140	140	0.30%	3,711	3,711	0	100	0	100	0	6.40%	None
	Hua Eng Wire Cable Co., Ltd	0	0	0	0	50	50	0	0	0.08%	0	0	0	0	0	0	0	0.08%	None
Director	Hua Eng Wire Cable Co., LtdRepresentative: Lin Ming-Xia	0	0	0	0	0	0	140	140	0.22%	0	0	0	0	0	0	0	0.22%	None
Director	Tonghua Dongbao Pharmaceutical Co., Ltd.	0	0	0	0	50	50	0	0	0.08%	0	0	0	0	0	0	0	0.08%	None

	Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Chang, Wen-hai.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.22%	0	0.22	0.22%	None
Direct or	Chang, Tai-Hsiung	0	0	0	0	50	50	143	143	505	505	0.31%	0.31%	0	0	0	0	0	1.12	1.12	1.12%	None
Independent director	Tsai, Gan-Ren	0	0	0	0	50	50	140	140	0	0	0.30%	0.30%	0	0	0	0	0	0.30	0.30	0.30%	None
Independent director	Kuo, Li-Jen	0	0	0	0	50	50	140	140	0	0	0.30%	0.30%	0	0	0	0	0	0.30	0.30	0.30%	None
Independent director	Lu, Hsueh-Yu	0	0	0	0	50	50	140	140	0	0	0.30%	0.30%	0	0	0	0	0	0.30	0.30	0.30%	None

1. Please explain the policy, system, criteria and structure of remuneration paid to independent directors, and describe the correlation with the amount of remuneration based on the factors such as responsibilities, risks, and time spent.
The Company has formulated the self evaluation or peer evaluation regulations for the Board. In the future, the Board will determine the amount of the remuneration paid to the independent directors after evaluation based on the contribution of the directors and the Company's operating performance.

2. The remuneration to all the directors served for all the companies within the consolidated financial statement (such as a consultant not an employee) in the most recent fiscal year:
Director Chang, Tai-Hsiung received a total of NT\$60 thousand as consultant remuneration in 2020.

* It shall separately disclose the related information about the directors (general directors rather than the independent directors) and the independent directors.

Range of Remuneration

Range of Remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 9)	All Companies in the Consolidated Financial Statement (Note 10) I	The Company (Note 9)	All Companies in the Consolidated Financial Statement (Note 10) J
Under NT\$1,000,000	Huang, Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang, Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Hua Eng Wire & Cable Co., Ltd, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd. Chiang, Tai-Hsiung	Hua Eng Wire & Cable Co., Ltd, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd. Chiang, Tai-Hsiung
NT\$1,000,000 (included) ~ NT\$2,000,000(excluded)				
NT\$2,000,000 (included) ~NT\$3,500,000 (excluded)				
NT\$3,500,000 (included) ~NT\$5,000,000 (excluded)			Huang, Chun-Mu	Huang, Chun-Mu
NT\$5,000,000 (included) ~NT\$10,000,000 (excluded)				
NT\$10,000,000(included) ~NT\$15,000,000 (excluded)				
NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)				
NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)				
NT\$50,000,000 (included) ~ NT\$100,000,000(excluded)				
Over NT\$100,000,000				

Total	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang-Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang-Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang-Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.
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Note 1: The Directors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure. The amount of cash payment is disclosed in a summary. If the director is also the general manager or deputy general manager, this table and the following table (3-1) or (2-2) shall be filled in.

Note 2: The Director's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note 3: The latest amount of Director's remuneration as passed by the board of directors.

Note 4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note 5: The latest salary, job allowances, Retirement Pension, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note 8: The total remuneration paid by the Company to each Director; the Director's name should be disclosed in the respective tier.

Note 9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's name s should be disclosed in the respective tier.

Note 10: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 11: a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(b). Remunerations of the Supervisors:

Unit: NT\$ thousand

Unit: NT\$ thousand

Title	Name (Note 1)	Remunerations of the Supervisors						Ratio of Total Remuneration (A+B+C) to Net Income (Note 8)		Remunera- tion from Reinveste d Businesse s other than Subsidiari es (Note 9)
		Remuneration (A) (Note 2)		Bonus to Supervisors (B) (Note 3)		Business Execution Expenses (C) (Note 4)				
		The Company	Compani es in the Consolid ated Financial Statemen ts (Note 5)	The Company	Compani es in the Consolid ated Financial Statemen ts (Note 5)	The Comp any	Compani es in the Consolid ated Financial Statemen ts (Note 5)	The Comp any	Compani es in the Consolid ated Financial Statemen ts (Note 5)	
Supervi sor	Tai,Tsung- Kai	0	0	50	50	143	143	0.31%	0.31%	None
Supervi sor	Lin,Chien- Hsing	0	0	50	50	140	140	0.30%	0.30%	None
Supervi sor	Su,Chin- Pin	0	0	50	50	140	140	0.30%	0.30%	None

Range of Remuneration

Range of Remuneration Paid to The General Managers and Deputy General Managers	Name of Supervisor	
	Total Amount of the First Three Remunerations (A+B+C)	
	The Company (Note 6)	The Company (Note 6)
Under NT\$1,000,000	Tai,Tsung-Kai, Lin,Chien- Hsing, Su,Chin-Pin	Tai,Tsung-Kai, Lin,Chien-Hsing, Su,Chin-Pin
NT\$1,000,000(included) ~ NT\$2,000,000(excluded)		
NT\$2,000,000(included) ~NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) ~NT\$5,000,000 (excluded)		
NT\$5,000,000 (included) ~NT\$10,000,000 (excluded)		
NT\$10,000,000(included) ~NT\$15,000,000 (excluded)		
NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)		
NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)		
NT\$50,000,000 (included) ~ NT\$100,000,000(excluded)		
Over NT\$100,000,000		
Total	Tai,Tsung-Kai, Lin,Chien- Hsing, Su,Chin-Pin	Tai,Tsung-Kai, Lin,Chien-Hsing, Su,Chin-Pin

Note 1: The Supervisors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be

consolidated for disclosure.

Note 2: The Supervisor's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note 3: The latest amount of Supervisor's remuneration as passed by the board of directors.

Note 4: The latest annual business execution expenses of the Supervisor (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Supervisor.

Note 6: The total remuneration paid by the Company to each Supervisor; the Supervisor's name should be disclosed in the respective tier.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Supervisors should be disclosed, and the Supervisor's name should be disclosed in the respective tier.

Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 9: a. In this field the amount of remuneration paid to the Supervisor by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b. If the Supervisor receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Supervisor for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(c). Most Recent (2020) Remunerations of the General Manager and Deputy General Manager (Including Independent Director):

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Payment (B)		Bonus and Special Fees (C) (Note 3)		Employee Remuneration (D) (Note 4)				The Sum of A, B, C and D as a percentage of After-tax Net Profit (%) (Note 8)		Employee Stock Option Certificate Warrants (Note 5)		Restricted Stock Award Warrants (Note 11)		Remun- eration from Reinve- sted Busine- ss other than Subsid- iaries (Note 10)
		The Com- pany	Compa- nies in the Consol- idated Financ- ial Statem- ents (Note 6)	The Compan- y	Companie- s in the Consolida- ted Financial Statem- ents (Note 6)	The Company		Companies in the Consolidated Financial Statements (Note 6)		The Com- pany	Compa- nies in the Consol- idated Financ- ial Statem- ents (Note 6)	The Compa- ny	Compa- nies in the Consol- idated Financ- ial Statem- ents (Note 6)	Th e Co mp any	Compa- nies in the Consol- idated Financ- ial Statem- ents (Note 6)			
						Cash	Stock	Cash	Stock									
24 General Manager	Huang, Chun- Mu	3,711	0	0	0	0	100	0	0	6.10 %	6.10%	34,500	34,500	0	0	0	None	
Deputy General Manager	Chiang ,Tai- Hsiung (Note)	505	0	0	0	0	0	0	0	0.81 %	0.81%	40,000	40,000	0	0	0	None	
	Lian De- Long(Note)	721	0	0	0	0	0	0	0	1.16 %	1.16%	50,000	50,000	0	0	0	None	

Note: VP Chiang, Tai-Hsiung was relieved on February 1, 2020 for retirement, and VP Lian De-Long was relieved on February 1, 2020 for resignation. Therefore, the remuneration amount for these two in 2020 was not estimated.

Range of Remuneration

Range of Remuneration (NT\$)	Name of General Manager and Deputy General Manager	
	The Company (Note 7)	Companies in the Consolidated Financial Statements (Note 8)
Under NT\$1,000,000	Chiang, Tai-Hsiung, Lian De-Long	Chiang, Tai-Hsiung, Lian De-Long
NT\$1,000,000 (included) ~ NT\$2,000,000(excluded)		
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Huang, Chun-Mu	Huang, Chun-Mu
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)		
NT\$10,000,000(included) ~ NT\$15,000,000 (excluded)		
NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)		
NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)		
NT\$50,000,000 (included) ~ NT\$100,000,000(excluded)		
Over NT\$100,000,000	Huang, Chun-Mu, Chiang, Tai-Hsiung, Lian De-Long	Huang, Chun-Mu, Chiang, Tai-Hsiung, Lian De-Long
Total		

Note 1: The General Managers and Deputy General Managers' names should be listed separately, and the payments should be consolidated for disclosure. If the Directors are also General Managers or Deputy General Managers, this table and the table above (1-1) or (1-2) shall be filled in.

Note 2: The latest amount of the General Manager's and the Deputy General Managers' remunerations (including salary, job allowances and severance payment).

Note 3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and

Appendix 1-3 should be filled out. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.

Note 6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are to be disclosed in the respective tiers

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names should be disclosed in the respective tier.

Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 9: a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(d). Managers with Employee Remuneration Distribution

Unit: NT\$ thousand; Date: April 30, 2021

Title	Name	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Chairman as well as General Manager	Huang, Chun-Mu	0	492	492	0.79%
	Hsu, Yu-Jen				
Assistant General Manager	Chen Bi-Hsuan				
	Chen Chieh-Shing				
	Ye Zhi-Long				
	Zhang Ming-Lun				
Chief Financial Officer	Chen Hui-Zhen	0	492	492	0.79%
Accounting Officer	Chen Ya-Wen				

Note 1: The names and titles should be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note 2: The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 3: The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

- (1) General Manager and equivalent.
- (2) Deputy General manager and equivalent.
- (3) Associate and equivalent.
- (4) Head of financial department.

(5) Head of accounting department

(6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

Note 4: If the Directors, General Managers and Deputy General Managers have received employee compensation (including stocks and cash), rather than filling in Table 1 (2), they should fill in this table again.

(4) Analysis of the Proportion of the Total Remuneration, Directors, Supervisors, General Managers And Deputy General Managers of the Company Paid the Company and all Companies in the Consolidated Financial Statement to Net Profit After Tax in Individual Financial Statements of the Recent Two Years. Explanation of Remuneration Policies, Standards and Packages, the Procedure for Determining Remuneration, and its Linkage to Operating Performance and Future Risk Exposure:

(a) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid the Company and all companies in the consolidated financial statements to net profit after tax in individual financial statements of the recent two years:

Proportion of the Total Remuneration of Directors, Supervisors, General Managers and Deputy General Managers	2019		2020	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
	12.09%	12.09%	10.99%	10.99%

(b) Explanation of remuneration policies, standards and packages, the procedure for determining remunerations, and its linkage to operating performance:

(i).Directors and Supervisors

Remuneration to directors includes traveling expenses, director compensation and business compensation. The directors' compensation is thoroughly stated in the Company's article of association.

(ii).General Managers and Deputy General Managers

Remuneration to general managers and deputy general managers includes wages, various bonuses and employees' compensation. The remuneration is handled in accordance with the provisions of Article 29 of the Company Law.

- (c) Linkage to Future Risk: The performance of the Company's important decisions refers the Company's profitability, so there is a positive correlation between the remuneration to directors, supervisors and managers.

3. Implementation of Corporate Governance

(1) Operation of the board meeting

(a) A total of 6 board meeting were held in 2020, and the attendance of Directors (including independent Directors) is as follows:

Title	Name (Note 1)	Actual no. of Meetings Attended (B)	No. of Meetings with Entrusted Attendance (Note 2)	Actual Attendance Rate (%) 【B/A】	Remarks
Chairman	Huang, Chun-Mu	6	0	100%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Ming-Shiang	5	1	83%	
Director	Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Chang Wen-Hai	5	1	83%	
Director	Chiang, Tai-Hsiung	6	0	100%	
Independent Director	Tsai, Gan-Ren	6	0	100%	
Independent Director	Kuo, Li-Jen	6	0	100%	

Independent Director	Lu, Hsueh-Yu	6	0	100%	
Supervisor	Tai, Tsung-Kai	6	0	100%	
Supervisor	Lin, Chien-Hsing	6	0	100%	
Supervisor	Su, Chin-Pin	6	0	100%	
Other matters to be recorded:					
1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the resolution, the opinions of all independent directors and the Company's handling of the opinions of the independent directors: (1) Matters listed in Article 14-3 of the Securities Exchange Act. 6 Board meetings were held in the year of 2020. The contents of the resolution are on pages 55 to 58 of the annual report. All independent directors had no objections to the matters listed in Article 14-3 of the Securities Exchange Act. (2) Other than the aforementioned matters, the board resolutions which independent directors object to or have reservations about and there are records or written statements for them: None. 2. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be					

properly recorded:

- (1) 2020/01/18 board meeting-(1). Motion: supplementary explanation for the salary raise in 2018; Resolution: The director Huang, Chun-Mu who acts as the manager concurrently and director Chiang, Tai-Hsiung didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren elected by the directors consulted the opinion of other attending directors, and they approved the motion unanimously. (2). Motion: year-end bonus distribution amount for managers in 2019; resolution: The director Huang, Chun-Mu who acts as the manager concurrently and director Chiang, Tai-Hsiung didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren elected by the directors consulted the opinion of other attending directors, and they approved the motion unanimously.
- (2) 2020/8/11 board meeting-motion: employee remuneration distributed for the managers in 2019; resolution: The director Huang, Chun-Mu who acts as the manager concurrently and director Chiang, Tai-Hsiung didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren elected by the directors consulted the opinion of other attending directors, and they approved the motion unanimously.
3. The TWSE/GTSM Listed Companies shall disclose the evaluation cycles, evaluation periods, scope, method and content of the board of directors' self-evaluation by the board members of themselves or peers and fill in the attached Table 2 (2) Board of Directors' Evaluation Implementation Status.
4. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an audit committee, promotion of information transparency, etc.):
- (1) The Company established the "Board Self-evaluation and Peer Evaluation Regulations" on January 10, 2020. On March 19, 2021, the board of directors resolved to pass the 2020 board members and board performance evaluation results.
- (2) The Company had purchased the liability insurance for all directors, which have been filed as required.

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and of its representative.

Note 2: (1) If there is a director or supervisor leaving the company before the end of the year, please indicate the date of departure in Remarks field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(2) If there is a director or supervisor election before the end of the year, please list both the new and the old directors and supervisors, and indicate in the Remarks field whether the director or supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meeting held and the actual number of meeting attended during the tenure.

(b) Board of Directors' Evaluation Implementation Status

Evaluation cycles (Note1)	Evaluation periods (Note2)	Evaluation scope (Note3)	Evaluation method (Note4)	Evaluation content (Note5)
Once a year	January 1, 2020 to December 31, 2020	All Board of Directors'	Internal self-evaluation of the board of directors	Board performance evaluation items: A. Participation in the operation of the company. B. Improvement of the quality of the board of directors' decision making. C. Composition and structure of the board of directors. D. Election and continuing education of the directors. E. Internal control.
Once a year	January 1, 2020 to December 31, 2020	Individual directors	Self-evaluation of the board of directors	Performance evaluation projects for individual directors: A. Alignment of the goals and missions of the company. B. Awareness of the duties of a director. C. Participation in the operation of the company. D. Management of internal relationship and communication. E. The director's professionalism and continuing education. F. Internal control.

Evaluation results: The overall results of the internal performance self-evaluation of the company's board of directors and the self-evaluation of individual directors in 2020 are "good" and "excellent", and the company's board of directors is operating well as a whole.

(2) Supervisors' Participation in the Operation of Board of Directors Meetings:

A total of 6 board meeting were held in 2018, and the attendance of Supervisors is as follows:

Title	Name	Actual no. of Meetings Attended (B)	Actual Attendance Rate 【B/A】 (Note)	Remarks
Supervisor	Tai, Tsung-Kai	6	100%	
Supervisor	Lin, Chien-Hsing	6	100%	
Supervisor	Su, Chin-Pin	6	100%	
Other matters to be recorded				
1. Composition and responsibilities of Supervisors:				
(1) Communication between Supervisors and Company employees and shareholders				
Have better understanding of Company's profitability during board meetings or telephone enquiry.				
(2) Communication between Supervisor and the Head of Internal Audit and the accountant:				
The Audit produces a monthly audit report which is presented to the supervisor at the end of the following month or by email.				
2. If Supervisors state their opinions in a board meeting, please indicate the date of the				

board meeting, the session number, the contents of the motion, the results of the board resolution and the Company's handling of the Supervisors' opinions: None.

Note: If there is any supervisor leaving the Company before the end of the year, please indicate the date of departure in the Remarks field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

If there is a supervisor election before the end of the year, please list both the new and the old supervisors, and indicate in the Remarks field whether the supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(3) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such departure:

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?		V	It hasn't been established so far.	N/A.
2. Shareholding structure & shareholders' rights			(1) The Company has spokespersons, legal and shareholder personnel and other relevant departments to deal with shareholders' suggestions, disputes and other issues.	No difference.
(1) Has the company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(2) With the management of dedicated personnel, the Company is able to keep track of the major shareholders and the relationship with them remains sound.	No difference.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(3) The Company has established relevant systems in the internal control system in accordance with the law.	No difference.
(3) Has the company established and implemented risk management and firewall mechanisms with its affiliates?	V		(4) The Company has established "Procedures for Handling Material Inside Information" in order to avoid improper disclosure of information.	No difference.
(4) Has the Company established internal rules against insiders trading with undisclosed information?	V			

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board developed and implemented a diversified policy for the composition of its members? (2) Has the company voluntarily establishes other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the result of performance evaluation to the Board as reference for remuneration paid to the directors and their nomination for succession? (4) Does the Company regularly evaluate the independence of CPAs?	V	V	(1) The Company has seven directors, including three independent directors, one of whom is a female. The professional background to the members covers business management, finance, accounting and law. The board members have a diverse background in industry, profession and knowledge, and provide professional advice from difference perspectives with their experiences, which shall greatly enhance the Company’s business performance and management efficiency. The Company has established “Regulations of the Board of Directors” and “Regulations on the Election of Directors and Supervisors”. (2) Except for Compensation Committee, there are no other functional committees yet as there is currently no requirement. (3) The Company has formulated the board performance evaluation regulations in 2020, and will conduct the performance evaluation for the individual directors and the overall board after the end of the year. (4) The certified accountants appointed by the Company is one of the worlds’ four largest accounting firms, and has avoided its direct or indirect interest, which is fully independent.	No difference. (2)(3) will be determined according the operation status and scale in the future. No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
4. Has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings and shareholders’ meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings, etc.)?		V	Although no corporate governance manager is assigned, the Company has dedicated personnel who are responsible for related matters regarding corporate governance, including providing the directors and supervisors with required information to carry out their business, handling matters related to board of directors and shareholders according to the law, handling corporate registration and change of corporate registration related matters, taking the minutes of board meeting s and shareholders’ meetings. The Company has set up “Standard Operating Procedures for Handling Directors’ Requirements.”	It will evaluate to set up the corporate governance manager based on the corporate governance needs of the Company.
5. Has the Company established communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	V		The Company’s website has a stakeholder section, and dedicated personnel responds to important corporate social responsibility concerns.	No difference.
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		In 2008, the Company appointed Chinatrust Commercial Bank as the stock agency to handle shareholders’ related affairs.	No difference.
7. Disclosure of information	V		(1) The Company has set up both Chinese and English websites to provide information	No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)? (3) Did the company announce and file its annual financial reports within 2 months from the end of the fiscal year? Did the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?	V	V	related to financial business and corporate governance. The website: http://www.bionime.com.tw; Dedicated personnel is responsible for maintenance of the website and immediate updates are available for shareholders and interest parties. (2) The Company has spokespersons and acting spokespersons according to the regulations. It has appointed dedicated personnel to collect company information and put onto MOPS on a regular basis. (3) Except for the annual financial reports announced within 3 month after the end of the fiscal year, the Company has announced and filed the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date.	No difference.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation	V		1. The status of directors and supervisors' further training: It has been disclosed in the “Corporate Governance Section of the MOPS”. 2. The Company has purchased Liability Insurance for Directors, Supervisors and Important Managers to strengthen the protection of shareholder's equity.	No difference.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
of customer relations policies, and purchasing insurance for directors and supervisors)?			
9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated). The Company carries out self-evaluation of corporate governance according to the regulations of the competent authorities, and gradually improves the corporate governance, in order to enhance the corporate governance image: Improvements: The company conducts corporate governance evaluation and self-evaluation in accordance with the regulations of the competent authority, and improves the corporate governance situation gradually to enhance the corporate governance image.			

Note1: It shall be specified in the Description field regardless of whether “Yes” or “No” is checked.

Note 2: The so-called self-evaluation report on corporate governance refers to the self-assessment based on corporate governance, which is self-assessed and explained by the Company. The report includes the current operation and implementation of the Company.

(4) If the Company has a Remuneration Committee, Please Disclose its Composition, duties and Operation:

(a) Remuneration Committee Member Information

Identity (Note 1)	Criteria Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Independence Criteria (Note 2)												Concurrent Compensati on on Committee Position in other Publicly Listed Companies	Re mar ks
		Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related Departments	Judge, Prosecutor, Attorney, CPA or National Certified Professionals	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tsai ,Gan-Ren	V		V	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Kuo, Li-Jen	V		V	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Lu,Hsueh-Yu			V	V	V	V	V	V	V	V	V	V	V	-	

Note 1: Fill in the Identity with directors, independent directors or others.

Note 2: All members comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of affiliated companies. Not applicable in case where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
- (4) Not a spouse relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
- (5) Not a director, supervisor, or employee on a corporate shareholder who director holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
- (7) Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

- (8) Not a person of any conditions defined in Article 30 of the Company Act.
- (9) Not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT\$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services, provided that this restriction does not apply to any member of the compensation committee, the takeover board or the M&A special committee who exercises powers pursuant to Securities Exchange Law or the Corporate M & A Act.
- (10) Not been a person of any conditions defined in Article 30 of the Company Act.

(b) Remuneration Committee Operation Status

- i. The Company's Remuneration Committee is composed of three people.
- ii. Content of motions, resolution results and the Company's handling of the opinion of the remuneration committee members in the most recent year:

Remuneration committee meeting /date	Motion	Results of the resolutions	The Company's handling of the opinion of the remuneration committee members
The 3 th meeting of the 4 rd remuneration committee held on January 10, 2020	1. Formulate the company's board of directors' self-evaluation or peer evaluation methods 2. Proposal of 2020 year-end bonus distributed for managers 3. Regularly review managers' remuneration and review new manager's remuneration cases	After the chairman consulted the opinion, the motion was approved upon the consent of all attending members	None
The 4 th meeting of the 4 rd remuneration committee held on March 13, 2020	1. Proposal of 2019 remuneration distributed for employees, directors and supervisors		
The 5 th meeting of the 4 rd remuneration committee held on August 11, 2020	1. Proposal of 2019 employee remuneration distributed for managers 2. Proposal of 2019 remuneration distributed for directors and supervisors 3. Proposal of the formulation of the company's "Remuneration Measures for Directors, Supervisors and Functional Committee Members" and the revision of the organizational rules of the Salary and Compensation Committee		

- iii. Current member's tenure: From June 20, 2019 to June 19, 2022. In 2020, the Remuneration Committee held three meetings (A), and the member qualifications and attendance are as follows:

Title	Name	Actual No. of Meetings Attended (B)	No. of Meetings with Entrusted Attendance	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Tsai ,Gan-Ren	3	0	100	Re-elected on June 20, 2019
Member	Kuo, Li-Jen	3	0	100	Re-elected on June 20, 2019
Member	Lu,Hsueh-Yu	3	0	100	Re-elected on June 20, 2019

Other matters to be recorded:

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): None.
2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: None.

Notes:

- (1) If any remuneration committee member leaves the company before the end of the year, please state in the Remarks field the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of the actual meetings attended during the tenure.
- (2) If there is a remuneration committee member election before the end of the year, please list both the new and the old members, and indicate in the Remarks field whether the member is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

(5) Corporate Social Responsibility: (The Company's systems and measures and implementation of environmental protection, community participation, social contribution, social welfare, consumer rights, human rights, safety and health and other social responsibility activities).

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
1. Has the Company conducted risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies? (Note 3)	V		The company pays great attention to environmental protection and occupational safety and health, and establishes an ISO45001 management system in line with the global environmental protection and occupational safety and health trends; The company has also formulated "Management Procedures for Preventing Insider Trading", "Code of Ethical Conduct" and "Internal Control System", etc. Through the continuous operation of various management systems and procedures, the company can immediately grasp and respond to risks related to the operating environment, employee safety, customers, suppliers, and various stakeholders.	No difference.
2. Does the Company have a special (concurrent) unit to promote CSR initiatives, supervised by a Board-appointed member of the management team, who reports to the Board?		V	Plan in progress.	Depending on the Company's operating conditions and scale.
3. Environmental issues				
(1). Does the Company establish proper environmental management systems based on the characteristics of its businesses?	V		(1)The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees' physical health examinations, occupational injury prevention, fire safety, environmental health, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate	No difference.
(2). Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?	V			No difference.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons					
	Yes	No						
(3). Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues? (4). Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?	V	social responsibility. (2) The Company has a recycling area, which regularly recycles re-usable resources, and has also set up wastewater and rainwater recycling for re-using. (3) The company pays great attention to issues related to climate change, so employees are asked to start from daily works. For example, double-sided printing is adopted for document printing, and a recycling box is set next to the photocopier for reuse of recycled paper. The company uses electronic invoices and implements an online approval system to reduce paper waste. Install power-saving devices in the new plant area, strengthen the maintenance of the air-conditioning system, and install a solar power generation system on the roof. Employees are responding to the company's policy to develop the good habit of turning off the lights and saving energy in order to slow down global warming. (4) There are statistics on greenhouse gas emissions, water consumption, waste water and total waste weight every year. The company also formulates energy saving, carbon reduction, greenhouse gas reduction, and water consumption policies to achieve the goal of reducing emissions by 3% per year. The solar power generation system on the top floor of the plant was completed in 2019, in response to the green energy saving policy.						
	V		<table><tr><td></td><td>2019</td><td>2020</td></tr><tr><td>Total water consumption</td><td>21,369</td><td>21,369</td></tr></table>		2019	2020	Total water consumption	21,369
	2019	2020						
Total water consumption	21,369	21,369						

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description (Note 2)	
			(kilowatt hour) Total electricity emissions 6,385,000 7,148,000 consumption-greenhouse gas (kg CO2 e/ kilowatt hour) Waste (tons) 21.121 37.615 Wastewater (tons) 4,646 5,913	
4. Social issues			(1) The Company's implementation of human rights protection policies is as follows: Compliance with local applicable laws and international standards.	
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		The Company and its subsidiaries abide by the relevant local laws and regulations of each operating site, support and respect relevant international labor human rights norms, including the ILO Tripartite Declaration of Principles and the United Nations Global Compact.	
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?	V		(2) Labor rights and interests The labor / employment contract signed between each employee and the Company complies with relevant local regulations.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3)a. In order to prevent the occurrence of occupational disasters, the Company spares no effort to improve the working environment to ensure the safety of employees (including all partners). Moreover, it has passed ISO 45001 occupational health and safety management system certification to provide a safe Working environment for the employees.	
(4) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	V		b. The Company provides employees with relevant	
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer's rights and interests?				
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Description (Note 2)			
	Yes	No		
environmental protection, occupational safety and health, or labor’s human rights, and disclose the implementation?		safety and health work items as follows: 1). Regularly conduct employee health checks every year. 2). Schedule safety and health education and training courses every year. 3). Carry out inspections in the operating environment every six months. 4). Build diverse communication channels for employee suggestions and complaints. 5). Formulate "Appeal and Punishment Measures for Prevention and Control Measures of Sexual Harassment in the Workplace", provide complaint channels and keep the working environment in order 6). Purchase accident and medical insurance for employees. 7). Formulate precautions for emergency response countermeasures, hold fire drills and lectures every six months, and regularly hold safety maintenance meetings. (4). The company’s talent cultivation strategy takes "function-oriented performance training", "class-specific training system" and "function-specific training academy" as the main projects, training and developing value chain management processes, inputting and connecting organizations as the strategic goal, and find out the functional gap and		

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description (Note 2)	
			performance gap of human resources. Through systematic training course design, strengthen and upgrade staff's job functions to achieve organizational, departmental and personal performance (5). The company has set up a 0800 free customer service line. Services include customer appeals, dispute resolution and after-customer service mechanisms. For customer data, confidential file management is adopted in accordance with the Personal Data Protection Law, and non-related business personnel are not allowed to access it. (6). The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees' physical health examinations, occupational injury prevention, fire safety, environmental sanitation, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate social responsibility.	
5. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?		V	The Company hasn't prepared a CSR report.	Depending on the Company's operating conditions and scale.

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
Description (Note 2)			
6.If the Company has its own corporate social responsibility in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operation and the prescribed code: None。			
7.Other important information to help understand the operation of corporate social responsibility:			
(1).Bionime is committed to promoting people’s quality and healthy living, as well as to research and development of home health medical equipment that is trusted by everyone. Therefore, professional-grade medical equipment is equipped with a user-friendly operating interface, so that high- medical meters have a simple operating interface, and people can easily check their own health at home.IN addition, due to changes in people’s diet and living styles in recent years, the age group of people who have high blood pressure, high blood sugar, and high cholesterol have tendency to decrease year by year. In order to implement the business philosophy of improving people’s quality and healthy life, we cooperate with the health education department of major hospitals and distributors to educate the public to understand the relevant diseases and their correct health care concepts, so people have a better understanding of better health care for themselves and their families. (2). 2020 "Industry-University Cooperation Plan", the company works with National Taichung University of Education (NTCU) and National Chin-Yi University of Technology for industry-university cooperation plan. Introduce summer interns and classmates of the industry-university cooperation program to help them experience the workplace early and enhance students’ employment competitiveness. Hope to cooperate with the academic community through the resources provided by the industry, so that the practical experience of the industry and the research ability of the academic community can work closely together to create a win-win situation for enterprises, schools and students. (3). Succession planning and operation of important management levels: The successors of the important management of the company must have excellent professional and leadership skills, their values must be consistent with the company’s corporate culture, and they must have keen observation skills, good organizational skills, problem-finding vision and problem-solving skills and other job functions. For the development and development of important management levels, it covers the strengthening of management functions, job rotation and project experience, and systematically cultivates the management level to have timely and accurate intelligent decision-making and problem-solving capabilities. In addition to internally cultivating management with growth-oriented values, it also recruits outstanding managers externally and gathers internal and external talents to strengthen the breadth and depth of the company's succession talent pool.			

Note 1: If “Yes” is selected under the Implementation Status, it shall explain the important policies, strategies, measures and implementations. If “No” is selected under the

Implementation Status, it shall explain the reason and detail the plan to carry out the policies, strategies and measures in the future.

Note 2: The Company has compiled a corporate social responsibility report, and the Description indicates the method of reviewing the CSR report and the replacement of index page.

Note 3: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(6) Implementation of Integrity Management

Based on the concept of co-prosperity, the Company maintains friendly interaction and cooperation with suppliers and related stakeholders, and provides a good and effective communication channel and information transmission to establish long-term partnership and economic operation mode as the development direction.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Setting business integrity policies and programs (1) Does the Company have its regulations and publicly available documents addressing its corporate ethics principles and programs, and the commitment regarding implementation of such programs from the Board of Directors and the management team? (2) Does the company establish appropriate preventive measures for the business activities prescribed in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” or any other such activities associated with high risk of unethical conduct? (3) Does the Company formulate the operation procedures, guidelines, disciplinary and appeal system against unethical conduct? Does the Company implement and regularly review to revise them?	V		(1) The Company has established the Code of Ethical Conduct approved by the board of directors. All directors, managers and all employees should be responsible for the compliance. (2) The Company has established the Code of Ethical Conduct, Employee Code of Practice, and work rules, which clearly state that employees must not engage illegal interests with their job titles, and accept hospitality, gifts, rebates, embezzlement of public funds, or other illegal interests. It is expected to prevent unethical misconduct that may affect business or trade relations. (3) The Company has established the Code of Ethical Conduct, and Employee Code of Practice, which clearly stipulate terms and guidelines regarding conflicts of interest, customer information confidentiality, business gifts, fair trading and competition. Through trainings and initiatives, the	No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			directors, managers and employees can truly understand and follow this concept. Any behavior against ethics and integrity, regardless of position levels, will be punished in accordance with the Work Rules. It also provides complaint channels for employees, so as to handle employees' opinions towards unfair and unreasonable treatment.	
2. Implementation of integrity management (1) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?	V		(1) The Company conducts business activities in a fair and transparent manner, and stipulates that employees are responsible for protecting the Company's intellectual property and not disclosing any information that should not be disclosed or having connection with any dishonest manufacturers or customers. In case of any abnormal condition, it should be reported any time. Moreover, the terms of business integrity are included in the contract.	No difference.
(2) Has the Company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?	V		(2) In compliance with Company Law, Stock Exchange, Commercial Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations. As well as relevant internal regulation such as auditing and internal control, and considers the “Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” as the basis for implementing integrity	

Evaluation Item	Implementation Status (Note 1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	V	management. (3) The Company stipulates provisions to prevent conflicts of interest in the Code of Ethical Conduct, Management Regulations for Employees 'Code of Practice, labor contracts, and work rules, so as to provide employees with complete guidelines. It has an internal mailbox for suggestions and an external reporting mailbox to provide a smooth reporting and expressing channel.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	V	(4) The Company has established an accounting system and internal control system to ensure the validity of the financial reporting process and internal control. The internal audit unit prepares the audit plan based on the risk assessment results, regularly performs audit operations, and performs audits randomly upon demand. The audit results are also reported to the Board.	
(5) Does the Company hold regular internal and external training on business integrity?	V	(5) It explains the Company's relevant regulations for the new recruits and request them to labor contracts. It also holds various internal meetings, conducts advocacy in various forms, and arranges trainings for new recruits at the first day when they come to work. Moreover, it organizes related internal educations and trainings (including courses on integrity management, regulatory compliance, intellectual property rights, business secrets, etc.) to illustrate the importance of integrity management.	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
3. Operation of the Company Reporting System (1) Has the Company set up specific reporting and reward systems and a convenient reporting channel, and does the Company assign appropriate personnel to investigate the person being reported? (2) Has the Company established standard operating procedures for investigating complaints, and the subsequent measures taken after the investigation and ensuring that such complaints are handled in a confidential manner? (3) Does the Company take measures to protect the reporter from improper treatment?	V		(a) The opinions of employees can be reflected through multiple channels including management and human resources units, and shall be properly handled and communicated smoothly. (b) The Company has a whistleblowing system and protects its employees from revenge by reporting their violations. 3. The Company handles the reporting cases in a confidential manner to protect the whistleblower's identity. If the whistleblower is an employee, the Company guarantees that he will not be subject to improper treatment due to the reporting.	No difference.
4. Strengthening of Information Disclosure (1) Does the Company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?	V		● The Company's performances of integrity management and adoption measures are disclosed on its website and annual reports.	No difference.
5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the difference between them: The Company has not set up Corporate Governance Best Practice Principles but is in compliance with Company Law, Stock Exchange, Commercial Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations. As well as relevant internal regulation such as auditing and internal control, and considers the “Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” as the basis for implementing integrity management.				
6. Other important information that will help to understand the operation of the Company's integrity: (if the Company reviews and amends its established code of conduct, etc.), the Company keeps an close eye on the developments of relevant norms of integrity management at home and abroad in order to review and improve the Company's integrity management policy to enhance the effectiveness.				

Note 1: Regardless of whether “Yes” or “No” is checked, it shall be specified in the Description field.

(7) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how they are to be searched:

Such rules can be searched on the Company's website, under the Investors/Corporate Governance page.

(8) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

None.

(9) Implementation of the internal control system:

- i. Statement of Internal Control System (refer to p.xx)
- ii. If the CPA was engaged to conduct a Special Audit of Internal Control System, provide its audit report: None.

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(11) Important resolutions of the shareholders' meeting and the board meetings during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

<u>Date / Meeting</u>	<u>Important Resolutions</u>
6/30/2020 Shareholders' Meeting	● Approval of the Company's 2019 business report and financial statements Implementation status: Approved, and has been completed according to the resolution of shareholders' meeting ● Approval of the Company's 2019 profit distribution plan Implementation Status: Proposed 7/31/2020 as the record date, and 8/21/2020 as the payment date ● Approved the amendments to the Company's Articles of Association Implementation Status: Revision Completed and announced on company website. ● Approved the amendments to the Procedural Rules for Shareholders' Meeting.

	Implementation Status: Revision Completed and ammounced on company website. ●Approved the amendments to the Director and Supervisor Election Regulations. Implementation Status: Revision Completed and ammounced on company website. ●Approved the amendments to the Procedures for Endorsement & Guarantee. Implementation Status: Revision Completed and ammounced on company website. ●Approved the amendments to the Procedures for Lending Funds to Others Implementation Status: Revision Completed and ammounced on company website.
1/10/2020 Board of Directors' Meeting	●Approved the operation plan of 2020 ●Approved the details of managers' year-end bonuses of 2020 ●Approved the American GE brand licensing agreement ●Approved the formulation of the company's board of directors' self-evaluation or peer evaluation methods ●Approved the Personnel Promotion Plan ●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q4, 2019, and the settlement of reference date for capital increase ●Approved the bank financing application
3/13/2020 Board of Directors' Meeting	●Approved the compensation distribution plan for employees and directors 2019 ●Approved business report and financial statements of 2019 ●Approved surplus earnings distribution of 2019 ●Approved the amendments to the Company's Articles of Incorporation" ●Approved the amendments to the Procedural Rules for Shareholders' Meeting ●Approved the amendments to the Director and Supervisor Election Regulations ●Approved the convening of 2021 general shareholders' meeting ●Approved the 2020 internal control system statement ●Approved the bank financing application
5/8/2020 Board of Directors' Meeting	●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q1, 2020, and the settlement of reference date for capital increase ●Approved the propose of authorizing the chairman to settle the reference date for 2020 cash dividend distribution ●Approved the amendments to the Procedures for Endorsement & Guarantee ●Approved the amendments to the Procedures for Lending Funds to Others ●Approved the agenda of convening 2020 general shareholders' meeting

	● Approved the bank financing application
8/11/2020 Board of Directors' Meeting	● Adopted the formulation of the company's "Remuneration Measures for Directors, Supervisors and Functional Committee Members" and the revision of the organizational rules of the Salary and Compensation Committee. ● Approved amendments to the rules of procedure of the company's board of directors ● Approved the 2019 remuneration distribution for managers ● Approved the 2019 remuneration distribution for directors and supervisors ● Approved the bank financing application
10/6/2020 Board of Directors' Meeting	● Approved the issuance of new shares by exercising subscription of the employee stock option certificates, and the settlement of reference date for capital increase ● Discussion of International business cooperation strategy
11/06/2020 Board of Directors' Meeting	● Approved the 2021 Annual Audit Plan ● Approved the bank financing application
01/27/2021 Board of Directors' Meeting	● Approved the 2021 Operation Plan ● Approved amendments to the "Measures for Self-evaluation or Peer Evaluation of the Board of Directors of the Company" ● Approved the personnel change case ● Approved the 2020 year-end Bonus Distribution for Managers ● Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q4, 2020, and the settlement of reference date for capital increase ● Approved the bank financing application
3/19/2021 Board of Directors' Meeting	● Approved the company's 2020 board of directors and board performance evaluation results. ● Approved the 2020 remuneration distribution for employees and directors ● Approval of the Company's 2020 business report and financial statements ● Approved the Company's 2020 profit distribution plan ● Approved Distribution of Legal Reserves and Capital Reserves by paying cash ● Approved the amendments to the Company's Articles of Association ● Approved the amendments to the Procedural Rules for Shareholders' Meeting ● Approved the convening of 2020 general shareholders' meeting ● Approved the 2020 internal control system statement ● Approved the bank financing application

5/7/2021 Board of Directors' Meeting	● Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q1, 2021, and the settlement of reference date for capital increase ● Authorize the chairman of the board to set the company's 2020 cash dividend distribution base date proposal ● Approved the bank financing application
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(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a resolution approved by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None.

Bionime Corporation
Statement of Internal Control System

Date: March 19, 2021

The internal control system from January 1 to December 31, 2020, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reason assurance of accomplishing its three state objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluate the design and operating effectiveness of its internal control system Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evolution, the Company believes that, on December 31, 2018, it has maintained , in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report for the year 2020 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in the meetings held on March 19, 2021, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

BIONIME Corporation

Chairman: Huang, Chun-Mu

General Manager: Huang, Chun-Mu



4. Information on CPA Profession Fees

CPA Firm	Name of CPA		Audit Period	Remarks
KPMG Taiwan	Zhang Zi-Shin	Wu Jun yuan	1/1/2020~12/31/2020	

Unit: NT\$ thousand

Tier \ Fee		Audit Fee	Non-audit Fee	Total
1	Below 2,000	-	415	415
2	2,000 (included) ~4,000	3,733	-	3,733
3	4,000 (included) ~6,000	-	-	-
4	6,000 (included) ~8,000	-	-	-
5	8,000 (included) ~10,000	-	-	-
6	Over 10,000 (included)	-	-	-

Information on CPA Profession Fees

Unit: NT\$ thousand

Accounting Firm	CPA Name	Audit Fee	Non-audit Fee					Audit Period	Remarks
			System Design	Business Registration	HR	Others (Note 2)	Sub-total		
KPMG	Zhang Zi-Shin	3,733	-	75	-	340	415	1/1/2020~12/31/2020	TP Report 340 thousand.
	Wu Jun yuan								

Note 1: If the Company has changed the accountant or accounting firm this year, please indicate the audit period separately, and explain the reason for the replacement in the Remarks field and disclose the audit and non-audit profession fees and other information.

Note 2: If the non-audit fees paid to the CAP, the CPA's firm and the firm's affiliated businesses are more than 25% of the audit fees, please disclose the audit and non-audit fees and the non-audit services.

- (1) The non-audit fee paid to the CPA, CPA's accounting firm and affiliated companies accounts for over 1/4 to audit fee: None.
- (2) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons: None.
- (3) If the audit fee is reduced more than 15% compared with the previous year the reduction in the amount of audit fees, the proportions, and reason (s) there for shall be disclosed: There is no reduction in the audit fees.

5. Change of Accountants:None.

6. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or its Affiliated Businesses in the Past Year, Name, Title as well as Serving Period of the Accounting Firm or its Affiliate shall be Disclosed: None.

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

(1) Changes of directors, supervisors, managers or shareholders holding greater than a 10 percent stake in the Company

Title	Name	2020		Current year to April. 26	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman as well as CEO	Huang, Chun-Mu	34,500	0	0	(1,200,000)
Director	Chiang, Tai-Hsiung	45,000	0	0	0
Director	Hua Eng Wire & Cable Co., Ltd Representative: Lin Ming-Xiang	0	0	0	0
Shareholders holding more than 10% shares	Hua Eng Wire & Cable Co., Ltd				
Director concurrently holding more than 10% shares	Tonghua Dongbao Pharmaceutical Co., Ltd.	0	0	0	0
Independent director	Tsai, Gan-Ren	0	0	0	0
Independent director	Kuo, Li-Jen	0	0	0	0
Independent director	Lu, Hsueh-Yu	0	0	0	0
Supervisor	Dai Zong-Kai	0	0	0	(270,000)
Supervisor	Lin Chien-Hsing	0	0	0	0
Supervisor	Su Chin-Pin	0	600,000	0	0
Associate Manager	Hsiu Yu-Ren	12,000	44,000	38,500	21,000
Associate Manager	Chen Bi-Hsuan	50,000	0	18,000	0
Associate Manager	Chen Jie-Hsing	50,500	0	0	0
Associate Manager	Ye Zhi-Long	23,000	0	25,000	45,000
Finance Manager	Chen, Hui-Zhen	25,000	0	0	0
Accounting Manager	Chen, Ya-wen (Date onboard: 2/1/2021)	0	0	0	0
Deputy General Manager	Chiang, Tai-Hsiung (Resignation date: 2/1/2020)	45,000	0	0	0

Deputy General Manager	Lian De-Long(Resignation date: 2/1/2020)	0	0	0	0
Associate Manager	Chang Ming-Lun(Resignation date: 9/1/2020)	0	0	0	0
Associate Manager and Accounting Manager	Liao Zhen-Yu (Resignation date: 1/31/2021)	12,000	0	13,000	0

Note 1: Shareholders with more than 10% of the Company's shares shall be listed as major shareholders, and shall be listed separately.

Note 2: If the counterparties of equity transfer are related parties, please specify in below.

(2) Information on equity transfer: None.

(3) Information on equity pledge:

Name	Reasons for pledge changes	Date	Counterparty	Counterparty's relationship with company directors, supervisors, managers and shareholders who hold more than 10% of the shares	Share	Shareholding ratio	Pledge ratio	Pledged (redemption) amount
Huang, Chun-Mu	Redemption	2021.02.04	Chang Hwa Commercial Bank, Ltd. South Taichung Branch	-	1,200,000	3.97%	48.56%	-
Su, Chin-Pin	Pledged	2020.02.24	Yuanta Securities Finance	-	600,000	1.75%	55.16%	-
Tai, Tsung-Kai	Redemption	2021.01.11	Cathay United Bank Hsinhsing Branch	-	270,000	0.65%	0.00%	-
Yeh Zhi-Long	Pledged	2021.01.22	Cathay United Bank Taichung Branch	-	45,000	0.12%	60.00%	-
Hsu, Yu-Jen	Pledged	2021.01.18	Cathay United Bank Taichung Branch	-	21,000	0.13%	78.59%	-
Hsu, Yu-Jen	Pledged	2020.12.11	Chang Hwa Commercial Bank, Ltd. South Taichung Branch	-	44,000	0.13%	78.59%	-

8. Relationship Information, if among the Company's 10 Largest Shareholders any one is a Related Party or a Relative within the Second Degree of Kinship of another:

Name	Shareholding		Spouse & Minor Children Current Shareholding		Current Shareholding in the Name of others		Relationships among the Top Ten Shareholders, anyone who is a Related Party, Spouse, or Second-Degree Kinship of another: Name and Relation		Remarks
	Share	%	Share	%	Share	%	Title (Name)	Relation	
Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Leng Chun-Sheng	12,000,000	19.28%	-	-	-	-	-	-	-
Hua Eng Wire & Cable Co., Ltd Representative: Liu, Tsung-Jen	7,807,900	12.55%	-	-	-	-	-	-	-
Huang, Chun-Mu	2,470,992	3.97%	1,120,380	1.80%	-	-	Huang Shiu-Chin Shih, Chin-Hsiu	Husband and wife Brother and sister	
Yen-Pen Investment Co., Ltd. Representative: Chang, Mei-Ling	1,500,000	2.41%							
Cathy Life Insurance Representative: Huang Tiao-Gui	1,461,000	2.35%	-	-	-	-	-	-	-
Swiss Ypsomed Holding AG representative: Willy Michel	1,190,250	1.19%	-	-	-	-	-	-	-
Huang Shiu-Chin	1,127,869	1.81%	-	-	-	-	Huang, Chun-Mu	Brother and sister	-
Shih, Chin-Hsiu	1,120,380	1.80%	2,470,992	3.97%	-	-	Huang, Chun-Mu	Husband and wife	-
Su Chin-Pin	1,087,817	1.75%	-	-	-	-	-	-	-
Tseng, chin-Cheng	902,000	1.45%	-	-	-	-	-	-	-

Note 1: The top ten shareholders shall be listed, and the corporate shareholders shall list the names of the corporate shareholder and the name of the representative of the corporate shareholder separately.

Note 2: The shareholding ratio refers to the calculation of the shareholding ratio in the name of the shareholder, spouse, minor children or shareholding in the name of others.

Note 3: The shareholders listed in the previous disclosure, including corporate shareholders and natural persons, shall disclose the relationship between them.

9. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managers, and any Companies Controlled either Directly or Indirectly by the Company: None.

IV. Capital Overview

1. Capital and Shares

(1) Source of capital

Unit: NT\$ thousand; 1000 shares

Year/ Month	Par Value	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets other than Cash	Others
2003/4	10	750	7,500	750	7,500	Capital at establishment 7,500	None	Note 1
2003/6	10	1,500	15,000	1,500	15,000	Capital increase 7,500 by cash	None	Note 2
2003/11	10	4,500	45,000	4,500	45,000	Capital increase 30,000 by cash	None	Note 3
2004/7	10	11,000	110,000	9,000	90,000	Capital increase 45,000 by cash	None	Note 4
2005/1	30	11,000	110,000	10,000	100,000	Capital increase 30,000 by cash	None	Note 5
2005/3	30	15,000	150,000	11,000	110,000	Capital increase 30,000 by cash	None	Note 6
2005/7	15	15,000	150,000	12,000	120,000	Capital increase 15,000 by cash	None	Note 7
2005/9	30	15,000	150,000	13,500	135,000	Capital increase 45,000 by cash	None	Note 8
2006/4	31.5	50,000	500,000	16,500	165,000	Capital increase 63,000 by cash	Capital increase 31,500 by creditor's right	Note 9
2006/4	31.5	50,000	500,000	18,500	185,000	Capital increase 63,000 by cash	None	Note 10
2007/4	31.5	50,000	500,000	21,500	215,000	Capital increase 94,500 by cash	None	Note 11
2007/10	10/15	50,000	500,000	21,935	219,350	Employee stock option certificates 5,069	None	Note 12
2008/5	39	50,000	500,000	26,189	261,898	Capital increase 17,548 by capital surplus Capital increase 97,500 by cash	None	Note 13
2008/8	10	50,000	500,000	26,345	263,447	Employee stock option certificates NT\$1,549 thousand	None	Note 14
2008/9	15	50,000	500,000	26,556	265,563	Employee stock option certificates 3,174	None	Note 15
2008/12	64	50,000	500,000	27,884	278,844	Capital increase 85,000 by cash	None	Note 16
2009/8	10/11.9	50,000	500,000	35,236	352,356	Capital increase 71,641 by earnings Employee stock option certificates 2,226	None	Note 17

Year/ Month	Par Value	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets other than Cash	Others
2010/1	14.4	50,000	500,000	36,236	362,356	Employee stock option certificates 14,400	None	Note 18
2010/12	95	50,000	500,000	39,952	399,516	Capital increase NT\$353,020 thousand by cash	None	Note 19
2011/8	10	50,000	500,000	43,947	439,468	Capital increase NT\$39,952 thousand by capital surplus	None	Note 20
2014/12	38	70,000	700,000	51,447	514,468	Capital increase NT\$285,000 thousand by cash	None	Note 21
2015/12	95	70,000	700,000	63,447	634,468	Capital increase NT\$1,140,000 thousand by private placement	None	Note 22
2017/8	10	70,000	700,000	59,447	594,468	Capital increase NT\$40,000 by treasury stock	None	Note 23
2019.7	10	100,000	1,000,000	59,501	595,008	Employee stock option certificates NT\$540,000	None	Note 24
2019.11	47.7	100,000	1,000,000	59,670	596,698	Employee stock option certificates NT\$1,690,000	None	Note 25
2020.2	47.7	100,000	1,000,000	60,536	605,358	Employee stock option certificates NT\$8,660,000	None	Note 26
2020.6	47.7 49.4	100,000	1,000,000	61,522	615,218	Employee stock option certificates NT\$9,860,000	None	Note 27
2020.11	46.4 48	100,000	1,000,000	61,756	617,558	Employee stock option certificates NT\$2,340,000	None	Note 28
110.3	46.4 48	100,000	1,000,000	61,963	619,633	Employee stock option certificates NT\$2,075,000	None	Note 29

Note 1: The capital increase was approved by Ministry of Economic Affairs on April 14, 2003 No. 09231929030.

Note 2: The capital increase was approved by Ministry of Economic Affairs on June 19, 2003 No. 09232227670.

Note 3: The capital increase was approved by Ministry of Economic Affairs on November 27, 2003 No. 09233029400.

Note 4: The capital increase was approved by Ministry of Economic Affairs on August 26, 2004 No. 09332627270.

Note 5: The capital increase was approved by Ministry of Economic Affairs on February 25, 2005 No. 09431721640.

Note 6: The capital increase was approved by Ministry of Economic Affairs on May 13, 2005 No. 09432106330.

- Note 7: The capital increase was approved by Ministry of Economic Affairs on September 16, 2005 No. 09432834870.
- Note 8: The capital increase was approved by Ministry of Economic Affairs on October 5, 2005 No. 09432935950.
- Note 9: The capital increase was approved by Ministry of Economic Affairs on May 5, 2006 No. 09532127100.
- Note 10: The capital increase was approved by Ministry of Economic Affairs on May 17, 2006 No. 09532182970.
- Note 11: The capital increase was approved by Ministry of Economic Affairs on May 14, 2007 No. 09632110580.
- Note 12: The capital increase was approved by Ministry of Economic Affairs on October 22, 2007 No. 09632934410.
- Note 13: The capital increase was approved by Ministry of Economic Affairs on June 20, 2008 No. 09732462450.
- Note 14: The capital increase was approved by Ministry of Economic Affairs on August 8, 2008 No. 09732815110.
- Note 15: The capital increase was approved by Ministry of Economic Affairs on October 22, 2008 No. 09733293140.
- Note 16: The capital increase was approved by Ministry of Economic Affairs on January 6, 2009 No. 09831508980.
- Note 17: The capital increase was approved by Ministry of Economic Affairs on September 10, 2009 No. 09833037820.
- Note 18: The capital increase was approved by Ministry of Economic Affairs on February 22, 2010 No. 09931699410.
- Note 19: The capital increase was approved by Ministry of Economic Affairs on January 4, 2011 No. 10031506780.
- Note 20: The capital increase was approved by Ministry of Economic Affairs on August 25, 2011 No. 10032427660.
- Note 21: The capital increase was approved by Ministry of Economic Affairs on January 8, 2015 No. 10301266680.
- Note 22: The capital increase was approved by Ministry of Economic Affairs on January 12, 2016 No. 10401278900.
- Note 23: The capital increase was approved by Ministry of Economic Affairs on August 29, 2017 No. 10601121050.
- Note 24: The capital increase was approved by Ministry of Economic Affairs on July 22, 2019 No. 10801090630.
- Note 25: The capital increase was approved by Ministry of Economic Affairs on November 28, 2019 No. 108011721120.
- Note 26: The capital increase was approved by Ministry of Economic Affairs on February 14, 2020 No. 10901014580.
- Note 27: The capital increase was approved by Ministry of Economic Affairs on June 9, 2020 No. 10901095090.
- Note 28: The capital increase was approved by Ministry of Economic Affairs on Nov. 17, 2020 No. 10901204940.
- Note 29: The capital increase was approved by Ministry of Economic Affairs on March. 9, 2021 No. 11001036530.

Unit: thousand shares

Type of Stock	Approved Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common stock	62,226	37,774	100,000	

(2) Shareholder Structure

April 26, 2021

Shareholder Structure	Government Agencies	Financial Institutions	Other Judicial Persons	Foreign Institutions and Foreign Persons	Domestic Natural Persons	Treasury Stock	Total
Number	0	1	22	31	3,928	1	3,983
Shareholding	0	1,461,000	11,133,732	14,503,201	33,128,361	2,000,000	62,226,294
%	0.00%	2.35%	17.89%	23.31%	53.24%	3.21%	100.00%

(3) Diffusion of Ownership

April 26, 2021

Shareholding Tiers	No. of Shareholders	Shareholding	%
1-999	613	96,902	0.16%
1,000-5,000	2,792	4,742,040	7.62%
5,001-10,000	223	1,769,663	2.84%
10,001-15,000	83	1,080,018	1.74%
15,001-20,000	45	826,678	1.33%
20,001-30,000	50	1,278,176	2.05%
30,001-40,000	32	1,110,943	1.79%
40,001-50,000	22	1,002,684	1.61%
50,001-100,000	50	3,679,488	5.91%
100,001-200,000	35	4,839,514	7.78%
200,001-400,000	20	5,063,401	8.13%
400,001-600,000	4	1,827,305	2.94%
600,001-800,000	2	1,353,617	2.18%
800,001-1,000,000	2	1,789,657	2.88%
Over 1,000,001	10	31,766,208	51.04%
Total	3,983	62,226,294	100.00%

Note: Face value of NT\$10 per share.

(4) Major Shareholders

List all shareholders with a stake of five percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

April 26, 2021; Unit: Share

Name of Major Shareholders	Shares	Shareholding	%
Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Leng Chun-Sheng		12,000,000	19.28%
Hua Eng Wire & Cable Co., Ltd Representative: Liu, Tsung-Jen		7,807,900	12.55%
Huang, Chun-Mu		2,470,992	3.97%
Yen-Pen Investment Co., Ltd. Representative : Chang, Mei-Ling		1,500,000	2.41%
Cathy Life Insurance Representative: Huang Tiao-Gui		1,461,000	2.35%
Swiss Ypsomed Holding AG representative: Willy Michel		1,190,250	1.19%
Huang Shiu-Chin		1,127,869	1.81%
Tseng, Chin-Cheng		1,120,380	1.80%
Su Chin-Pin		1,087,817	1.75%
Tseng, chin-cheng		902,000	1.45%

(5) The Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NT\$; thousand shares

Item			Year	2019	2020	Current year to March 31, 2021 (Note 8)
Market Price per Share (Note 1)	Highest			84.60	93.4	87.8
	Lowest			46.06	51	62.2
	Average			66.35	75.00	80.24
Net Worth per Share (Note 2)	Before Adjustment			34.89	34.45	34.76
	After Adjustment			-	-	-
Earnings per Share	Weighted Average Shares			57,499	59,176	59,853
	Earnings per Share (Note 3)			1.85	1.06	0.20
Dividend per Share	Cash Dividends	Before Adjustment		2.00	2.00	-
		After Adjustment		1.99251109	(Note9)	-
	Stock Dividend	Earnings per Share		-	-	-

	s	Stock Dividends Appropriated from Capital Surplus	-	-	-
		Accumulated Undistributed Dividends (Note4)	-	-	-
Investment Return Analysis	Price / Earnings Ratio (Note 5)		35.86	70.75	-
	Price / Dividend Ratio (Note 6)		33.175	37.5	-
	Cash Dividend Yield Rate (Note 7)		0.030	0.027	-

* If there is capital increase by earnings or capital surplus, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The highest and lowest market prices of common stock in each year and the average annual market price is calculated based on the annual turnover and volume.

Note 2: Based on the number of shares issued as of the end of the year, and in accordance with the resolution of the annual shareholders' meeting on earnings distribution.

Note 3: If there are retrospective adjustments due to stock dividends, the earnings per share before adjustment and after adjustment shall be listed.

Note 4: If there are provisions for equity securities of the year to be undistributed but accumulated to the year when there are earnings. It shall be disclosed separately to accumulated undistributed dividends of the year.

Note 5: Price / Earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / Dividend ratio = average closing price per share for the year / cash dividend per share.

Note 7: Cash dividend yield rate = cash dividend per share/ average closing price per share for the year.

Note 8: The net value per share and the earnings per share shall be filled in with the information of the account audited (reviewed) by the accountant in the most recent quarter of the annual report. The remaining fields shall be filled with the annual information as of the date of publication of the annual report.

Note 9: As for the 2020 profit distribution plan, the chairman is authorized to set the distribution reference date upon the approval of the Board.

(6) Dividend Policy and Implementation Status

(a) Dividend Policy:

The Company's dividend policy is based on current and future investment environment, capital needs, capital budget and changes in internal and external environment, as well as taking into account the interests of shareholders, balanced dividends and the long-term plans of the Company. The Company is in technology industry which is at growing stage; therefore, the Company's dividend policy is based on the principle of issuing cash dividends. The cash dividends distributed shall not be less than 5% of the total shareholder dividend of the year. The actual ratio of distribution shall be determined by the board of director based on the Company's funding status and capital budget.

(b) Implementation Status

The Company's future dividend distribution process is stipulated by the Company Law. At the end of each business year, the chairman of the board of directors takes into account the Company's profitability and future operation needs, and drafts a proposal of profit distribution. The dividend distribution will proceed after it is passed by the resolution of the board meeting, which will be also reported to the shareholders' meeting.

The Company's surplus of 2020 was issued by the board of directors on March 19, 2021.

The types and amounts of dividends were: (a) The cash dividends of shareholders were distributed by surplus and NT\$0.83 was distributed per thousand shares, the total of NT\$51,578,104 was distributed.

(c) The cash dividend for shareholders is distributed by capital reserve. A total of NT\$72,706,484 is distributed based on the rate NT\$1.17/1,000 shares.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted this year:

The Company has no stock dividend; therefore they have no significant impact on the Company's business performance and earnings per share.

(8) Compensation of employees, directors, and supervisors

(a). Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Article of Incorporation:

Article 28 of the Company's Article of Incorporation: The Company shall distribute the compensation of employees at a rate not less than 1.5% of the profitability of the current year and shall distribute the compensation of directors and supervisor at a rate not higher than 3% of the profitability of the current year. It shall make up the Company's accumulated losses if any. The Company shall deduct the benefits of the employees' compensation and the compensation of the directors and supervisors from the current year's pre-tax benefits.

(b). The estimated amount of compensation for employees, directors, and supervisors for the current period.

(i). Employee compensation of 6.91%

(ii)Directors and Supervisor compensation of 1.57%

(c)Distribution of compensation approved by the board of directors:

On March 19, 2021, the board of directors of the Company approved to issue a compensation of NT\$2,200,000 for employees and NT\$500,000 for directors.

(d) The distribution of compensation for employees, directors, and supervisors in the previous fiscal year:

On March 13, 2020, the board of directors of the Company approved to issue a compensation of NT\$19,000,000 for employees and NT\$4,000,000 for directors.

(9) In accordance with the provisions of Article 28-2 "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies". The implementation of the Company's share repurchase is as follows:

Buy-back Batch	First
Date of Board Meeting	March 13, 2017
Purpose of share buy back	Transfer to shares to employees
Type of Buy-back shares	Common Stock
Estimated Quantity of Buy-back Shares	2,000,000 shares
Estimated Buy-back Interval Price	NT\$55 to NT\$75 per share
Actual buy-back period	106.3.15~106.3.31
Actual Number of Buy-back Shares this Time	2,000,000 shares
The Actual Total Amount of Buy-Back this Time	NT\$138,140,940
The ratio of actual pay-back to planned pay-back(%)	100%

The Average Buy-back Price per Share this Time	69.07
Accumulated Number of Outstanding Shares	2,000,000 shares
Ratio of Accumulated Number of Outstanding Shares to the Total Number of Issued Shares (%)	3.21%
Reason for not Completing	N/A
Accumulated Number of Shares Retired and Transferred	-
Accumulated Number of Shares that have not been Retired and Transferred	2,000,000 shares

2. Corporate Bonds: None.

3. Preferred Shares: None.

4. Global Depository Receipts (GDR): None.

5. Employee Stock Warrants:

(1)The employee stock option certificate of the Company that has not expired:
March 31, 2021

Types of Employ Stock Option Certificates (Note 2)	2018 Employ Stock Option Certificates	2019 Employ Stock Option Certificates
Date of Effective Registration from the Competent Authority	1/11/2017	8/12/2019
Issuing (handling) Date (Note 4)	1/2/2018	11/05/2019
Numbers of Units Issued	1,000,000	2,930,000
Ratio of Subscribable Shares to Total Issued Shares	1.68%	4.92%
Subscription Period	4 years	10years
Exercise Method (Note 3)	By issuing new shares	By issuing new shares
Period and Ratio in which Subscription is Restricted (%)	Maturity of 2 years: 50% Maturity of 3 years: 50%	Maturity of 2 years: 20% Maturity of 3 years: 20% Maturity of 4 years: 20% Maturity of 5 years: 20% Maturity of 6 years: 20%

Number of Shares that have been Obtained through Exercise of Subscription Rights	417,000 share	0
NT\$ Amount of the Shares Subscribed	NT 20,272,200 元	0
Number of Shares that have not been Subscribed	246,000	2,603,000
Subscription Price per Share of the Unsubscribed Shares	NTD48	NTD58.5
Ratio of the Number of Unsubscribed Shares to Total Issued Share	0.40%	4.18%
Effect on Shareholders' Equity	Little impact on the dilution of the original common stockholders' equity	Little impact on the dilution of the original common stockholders' equity

Note 1: The description of the status of employee stock warrants includes public placement and private placement of employee stock warrants. Public placement of employee stock warrants in the process of handling refers to effective by this meeting. Private placement of employee stock warrants in the process of handling refers to the approval made by the board meeting.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: It shall list the issued shares or new shares.

Note 4: If the issuing (handling) date is different, it shall be listed separately.

Note 5: If private placement, it shall be marked in a noticeable method.

		Chen Bi-Jun										
		Chuang, Shu-Ming(Note)										
		Tseng, Jen-Yu										

Note: VP Chiang, Tai-Hsiung was relieved on February 1, 2020 for retirement, and VP Lian De-Long was relieved on February 1, 2020 for resignation. Assistant General Manager Zhang Ming-Lun resigned on September 2020, Assistant General Manager Liao Zhen-Yu resigned on January 31, 2020, and Chuang and Shu-Ming resigned on September 22, 2020.

Note 1: Including managerial officers and employees (those who have been resigned or deceased shall be stated) shall disclose individual names and titles, but may be aggregated to disclose their acquisition and subscription status.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: Employees obtained employee stock warrants that rank among the top ten refers to the employees other than managerial officers.

Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change of registration information.

Note 5: The employee stock warrants that have been subscribed shall disclose the price at the time of the subscription. The subscription price of the employee stock options issued by the company in 2017 was NT\$47.7, and the subscription price of the employee stock options issued in 2018 was NT\$49.4. From August 1, 2020, due to the ex-dividend adjustment of the subscription price, the subscription price per share has been adjusted to NT\$46.4 and NT\$48.0.

Note 6: The employee stock warrants that have not been subscribed shall disclose the adjusted subscription price which is calculated according to the issuance method.

(3) Private placement of employee stock warrants in the past three years: None.

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of other Companies' Shares: None

8. Financing Plans and Implementation:

Previously issued or private placement securities have not been completed or have been completed in the last three years and profits have not yet been appeared:None

V. Operational Highlights

1. Business Activities

(1) Scopes of the business

(a). Main contents of operating business of the Company

The business contents as stated in the Company's Articles of Association are as follows:

- i. F108031 Wholesale of Medical Devices (limited to the Standard Industrial Classification of the Republic of China 4565 Wholesale of Watches and Glasses, 4571 Wholesale of Pharmaceutical and Medical Goods and 4649 Wholesale of Other Machinery and Equipment).
- ii. IG01010 Biotechnology Services (limited to the Standard Industrial Classification of the Republic of China 7210 Research and Experimental Development on Natural Sciences and Engineering).
- iii. F113030 Wholesale of Precision Instruments (limited to the Standard Industrial Classification of the Republic of China 4564 Wholesale of Household-type Photographic and Optical Goods, and 4649 Wholesale of Other Machinery and Equipment).
- iv. CF01011 Manufacture of Medical Instruments (limited to the Standard Industrial Classification of the Republic of China 2760 Manufacture of Irradiation and Electromedical Equipment, 3321 Manufacture of Eyeglasses and 3329 Manufacture of Other Medical Instruments and Supplies).
- v. CC01101 Restrained Telecom Radio Frequency Equipment and Materials (limited to the Standard Industrial Classification of the Republic of China 2721 Manufacture of Telephones and Cellular Phones, 2729 Manufacture of Other Communication Equipment, 2751 Manufacture of Measuring, Navigating and Control Equipment and 2760 Manufacture of Irradiation and Electromedical Equipment).
- vi. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import (limited to the Standard Industrial Classification of the Republic of China 4642 Wholesale of Electronic Equipment and Parts).

(b). The sales proportion of the main products of the business

Unit: NT\$ Thousand

Item	2020	
	Amount	Percentage
Blood glucose meter	204,379	12.25%

Blood glucose test strips	1,401,489	83.99%
Others	62,718	3.76%
Total	1,668,586	100.00%

(c). Existing main products (services)

Blood glucose meter.

Blood glucose test strips.

(d). New products (services) development projects

Cholesterol test kit, cholesterol test strip, uric acid assay kit, uric acid test strip.

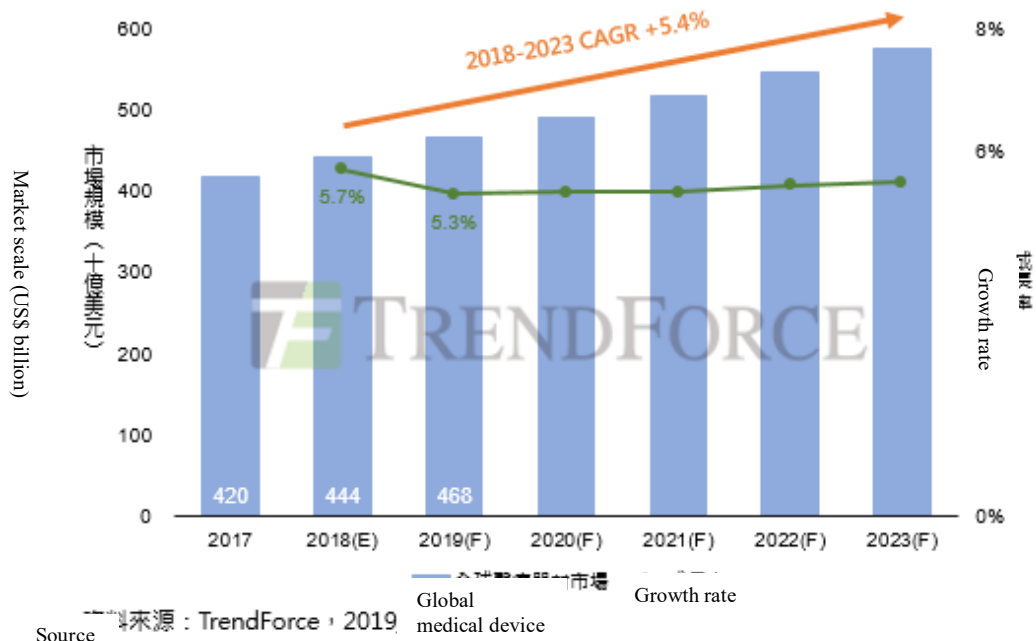
(2) Industry Overview

(a). Current status and development of industry

i. Current status and development of the global medical device market

According to the latest report of biotech industry released by TrendForce, the global market research organization, with the rising awareness and higher requirements of consumers towards health management by medical devices, and the interdisciplinary integration of new technologies such as IOT cloud technology, intelligent and digital trend of computers, it promotes the steady development of the global medical devices. The global scale of medical device market will reach US\$468 billion in 2019, and the output value will grow to US\$ 577.6 billion by 2023, with a compound growth rate (CAGR) of 5.4% during 2017~2023. The main reason is that the United States, as the largest medical device country, promotes industrial development through policy incentives, and actively carries out tax reform. Moreover, the aging population of European countries also promotes the industry of medical devices. Moreover, in response to China's continuous promotion of medical policies and benefiting from the development goals of the 13th Five-Year Plan of Mainland, China to transform into a healthy China with national science and technology policies. Therefore, it is estimated that the growth of the global medical device market will be accelerated from the current medical device market through diversified smart health care products. The development of the global medical device market in recent years is illustrated as follows:

Figure. Global medical device market scale and annual growth rate during 2018~2023



Diabetes is one of the world's most common non-communicable diseases, and it is top five leading causes of death in high-income countries. Similarly, diabetes also prevalent in developing countries and newly-industrialized countries. The population has diabetes is growing year by year in developing countries and in developed countries due to factors such as social urbanization, unhealthy living habits, and an increase in the elderly population

The prevalence of diabetes is high in the Asia-Pacific region due to the changes in living habits. In China, there are more than 100 million population has diabetes, and even 150 million people are potential diabetics, and one third of them will become diabetics in the future, however, for those who received proper care and attention is less than 8%. Diabetic patients are required to have blood glucose measurement at least three times a day, which is a self-monitoring of disease. However, in China, 80% of the blood glucose monitoring product market is monopolized by international brands, and the prices are relatively high, coupled with the blood glucose test strips are high price consumables. Under the condition that self-monitoring of disease is not common, Chinese patients use only one hundred test strips per year on average, compared with 400 test strips per year for European-American patients. This showed that the market penetration rate of blood glucose monitoring products in China is still low

In many countries in the Asia-Pacific region, such as China, India, Indonesia, Vietnam, Malaysia and other countries, the rise of the middle class in those countries, not only have enough to eat and wear, but the awareness of life enjoyment and health care are gradually rising. In addition to the price considerations during the purchase of blood glucose meters, the expectations on the product quality and function are rising as well. The product focuses on the accuracy of the blood glucose meter. The acceptance level is reduced for a low-cost product with general quality or low quality. Therefore, in addition to price considerations, manufacturers who sell the products in the Asia-Pacific region are required to provide high-quality and high-precision blood glucose meters in order to meet the needs of the large middle class. Value-for-money products are attractive in the Asia-Pacific region. In addition to providing home-based blood glucose measurements for diabetics, the multi-function measuring device also provides functions for the whole family or relatives to measure cholesterol and uric acid. It can win the favor of diabetics in the Asia-Pacific region if the price of a single-purpose blood glucose meter and the multi-purposes measuring device are comparable.

It is estimated that the market growth of continuous blood glucose monitoring (CGM) is the highest in the overall market, and the products will be developed in a direction of more sensitive and can use for longer time. Insulin Pump in medical devices of blood glucose treatment will also grow faster, and the product will head for smaller and more user friendly design development in future, and integrates with medical device of CGM to develop an integrated medical device with a combination of monitoring and treatment functions.

ii. Current status and development of the domestic medical device market

1). Current status and development

With the continuous increase in life expectancy of the global population, and the increasingly aging populations in the world countries, it is estimated that Taiwan's population aged above 65 will be approximately more than 40% by 2050. The elderly citizens will be quite normal in the future, which becomes one of the reasons for continuous increase in medical expenditures in the world. The medical device industry will develop towards the precise medical care and preventive medicine. It will make effective medical judgments based on different patient situations, and also combine with the individualized big data into health

management. It analyzes and traces massive data for effective judgement, and non-essential medical expenses can be reduced to achieve the goals of early diagnosis and preventive medicine.

2). Industrial characteristics of products

The industry relevance of upstream, midstream and downstream of the Company is due to the fact that the biotechnology industry covered extensive industries, and there are quite a few types of manufacturers involved in its upstream raw materials. Basically, the supply of upstream raw materials can be divided into two categories: reagents, consumables and components, while the downstream industries include domestic and foreign medical device importers and exporters, and distribution channels like medical device lines, medical institutions, distributors, pharmacy chains and warehouses. The purity and quality specifications of biochemical materials are subjected to stringent requirements in order to control the quality of the final product.

Therefore, if the model of outsourcing materials is adopted, the long-term cooperation and partnership are usually established in the form of contractual services once the upstream and downstream cooperation is successfully achieved, and continuous mentorship on the quality control of its production is provided to ensure the quality and quantity of its supply are in line with expectations. Also, the blood glucose meter and blood glucose test strips of the Company are own brand products. The Company develops its own downstream sales channels to enable more flexible and closer cooperation between the midstream and downstream companies

3). Development trends of products

The market has developed more than 20 years of research on non-invasive and low-invasive blood glucose meters, mainly to provide a solution to address the burden of frequent blood collection caused by the invasive blood glucose meters. However, the non-invasive blood glucose meter is derived from the indirect measurement, and the estimated value will vary from person to person, and the same person will vary from time to time, resulting in unstable measurement values, and even millions worth of desktop non-invasive blood glucose meter is still in this unstable stage. Therefore, the world's largest manufacturers still focus on the invasive blood glucose meter as the mainstream, but develop towards the main

directions of low blood volume and painless blood sampling test.

The main requirements for the blood glucose testing products in the future market are as follow:

- A. The blood is drawn using a lancing device, only a small drop of blood is required, almost painless.
- B. In addition to blood collection by finger prick, the blood can be drawn from the palms and arms, and the same accurate test results can be obtained.
- C. Emphasize on “absolute clean”, regardless of whether the test strip is inserted or removed, it can avoid blood stains on both hands.
- D. The test response time is short, and the test result can be known quickly.
- E. The test results are highly accurate, error-free, and reliable.
- F. The test strip is thicker and stronger that gives better convenience to diabetic.
- G. Equipped with blood glucose management software and transmission hardware which computerized blood glucose management to enable easier health management of patients.
- H. After inserting the test strip, the blood glucose meter will activate automatically, and start measuring.
- I. The LCD with large screen design that clearly displays the message.
- J. The ergonomic design of the blood glucose meter which is more user-friendly.

The products of Bionime are quality-oriented, and always adhere to the principle of providing users with “safe to use” as the highest guiding principle for R&D and manufacturing, and high accuracy, low blood volume and fast response time are the competitive edges that will be used to compete in the future market. In view of the existing technology platform, the future new product development such as products of uric acid, cholesterol testing and hemoglobin A1c testing, in addition to increasing product diversity and market competitiveness, it can even increase the value of the company.

4). Competitive landscape

The competitive situation in the blood glucose monitoring market has

gradually shifted from the trend of the early four major manufacturers to the continuous investment of the world's large and small medical device manufacturers, forming a great number of competing companies. By understanding the business roadmap of international manufacturers and the practices of international manufacturers' M&A strategies, focusing on development is the key to limited resources and efficient solutions. Moreover, the smart healthcare with the continuous optimization of the care environment, the wireless medical appliances, the development of the Internet of Things, the combination of cloud computing and big data, Bionime has committed to pursue innovation, although at present, it only accounted for about 1% of the global market share. However, with the continuous launching of new products, it will accelerate the expansion of the Company.

iii. Technology and R&D Overview

1). Technology level and R&D status of operating business

The existing personal invasive blood glucose meters can be divided into two types, which are optical and electrochemical. As the electrochemical products is more stable, hence, it has become the mainstream in the market. The earliest commercialized electrochemical blood glucose meter is YSI 2300 from United States, which uses precious metal electrodes and unique sensing film technology to achieve 98% accuracy and stability of laboratory-grade instruments. Its measurement quality always been the benchmark for all blood glucose meters for more than 30 years. However, in view of the instrument is a high-priced product which costs hundreds of thousands of dollars and required operates by professional, therefore, it is not possible to enter the home healthcare market. How to reduce the cost and convenient operation of electrochemical blood glucose testing products, as well as take into account the accuracy of the test results have been the main axis of the R&D of Bionime's blood glucose meter products.

For the blood glucose test strip, the R&D team of Bionime has designed its own production technology which is fully automatic machinery equipment for test strip in addition to the unique embedded precious metal electrode sensor test strip, and used the computer to detect precious metal electrodes to enhance the accuracy of the test strip, and achieve the effects of time-saving and increase productivity. Along with the precious metal electrode material of the test strip, Bionime has the capability of self-design blood glucose meter, which added unique auxiliary

functions that give better convenience to the users. Moreover, the products of Bionime have received favorable reviews from Science Citation Index (SCI) and journals of international seminar, which showed that Bionime has competitive edges. In addition, its measurement accuracy and long-term stability, published in international journals in relevant clinical performance have been well-acclaimed by international research scholars, it has established a certain status in the blood glucose meter and test strip industry.

At present, most of the products of the major international manufacturers in the market are electrochemical blood glucose meters, but the test strips are mostly made by carbon printing and lamination. Bionime's patented structure technology enables nanometer-grade precious metal electrodes to be used in the disposable test strip structures with a low-cost structure and manufacturing processes, and integrated with technologies such as chemistry, electronics, software, mechanism and precision manufacturing, etc. to produce blood glucose meters and test strips of “achieving instrumental testing result at the cost of home blood glucose meter”. In the future, the patented structure of this blood glucose test strip can also be used for other various disposable test strips, such as uric acid, cholesterol, etc.

2). R&D personnel and their academic qualifications/experience

		Unit: People		
Academic qualifications	Year	2018	2019	2020
Ph. D.		4	6	6
Master		64	66	60
University		58	76	79
College		5	6	3
General and vocational high school		4	6	6
Total		135	160	154

3). R&D expenses invested in the most recent five fiscal years

		Unit: NTS Thousand				
Year		2016	2017	2018	2019	2020
R&D Expense		140,385	159,960	201,186	255,121	247,875
Operating revenue		1,740,309	1,820,267	2,007,222	2,172,926	1,668,586
Percentage of operating revenue for the fiscal year (%)		8.07	8.79	10.02	11.74	14.86

4). Technology or product development accomplishments

Year of patent application	Technology or product development accomplishments
Apr, 2005	The “Structure of Disposable Electrochemical Sensor Test Strip and Its Manufacturing Method” acquired the US Invention Patent (US8187446) in 2012
Dec, 2005	The “Structure of Disposable Electrochemical Sensor Test Strip and Its Manufacturing Method” acquired the Korea Invention Patent (KR10-0805913) in 2011
Aug, 2005	The “Structure of Disposable Electrochemical Sensor Test Strip and Its Manufacturing Method” acquired the Japan Invention Patent (JP4611889) in 2011
Aug, 2007	The “Operation Method of Measuring Instrument and Measuring Instrument” acquired the US Invention Patent (US8236165) in 2012
May, 2007	The “Operation Method of Measuring Instrument and Measuring Instrument” acquired the Mainland Invention Patent (ZL200710103910.2) in 2013
Nov, 2007	The “Password Module, Biosensor and Its Operating System” acquired the US Invention Patent (I349105) in 2011
Jul, 2008	The “Password Module, Biosensor and Its Operating System” acquired the Germany Invention Patent (DE102008029715) in 2011
Feb, 2008	The “Puncture Device” acquired the Mainland Invention Patent (ZL200810081129.4) in 2011
Feb, 2008	The “Puncture Device” acquired the Taiwan Invention Patent (I357321) in 2012
Jul, 2008	The “Adjustable Accessories For the Puncture Device” acquired the Taiwan Invention Patent (I354548) in 2011
Apr, 2009	The “One of the Detection Methods to Determine the Occupancy Status of Sample” acquired the Taiwan Invention Patent (I388823) in 2013
Dec, 2009	The “Dry Container” acquired the Taiwan Invention Patent (I374841) in 2012
Oct, 2010	The “Dry Container” acquired the EU Invention Patent (EP2330053) in 2012
Nov, 2011	The “Analyte Measuring Instrument” acquired the Taiwan New Design Patent (D150081) in 2012
Jan, 2012	The “Analyte Measuring Instrument” acquired the Mainland New Design Patent (ZL2012 3 0014486.6) in 2012
Nov, 2011	The “Analyte Measuring Instrument” acquired the Taiwan New Design Patent (D150082) in 2012
May, 2012	The “Analyte Measuring Instrument” acquired the Mainland New Design Patent (ZL2011 30502397.1) in 2012
Nov, 2012	The “Analyte Measuring Instrument” acquired the US New Design Patent (D670812) in 2012
Jun, 2006	The “Methods of Encoding Modules, Biometers and Operational Biometers” acquired the US Invention Patent (US8594943) in 2013
Oct, 2008	The “Puncture Device” acquired the US Invention Patent (US8568434) in 2013

Feb, 2008	The “Electrochemical Sensing Method and Test Strip” acquired the Mainland Invention Patent (ZL200810081128.X) in 2013
Sep, 2008	The “Adjustable Accessories For the Puncture Device” acquired the Mainland Invention Patent (ZL200810215505.4) in 2013
Jul, 2011	The “Measurement Method of Electrochemical Sensing Test Strip” acquired the Taiwan Invention Patent (I427291) in 2014
Sep, 2012	The “Analyte Measuring Instrument” acquired the Taiwan New Design Patent (D156156) in 2013
Oct, 2012	The “Analyte Measuring Instrument” acquired the US New Design Patent (D688146) in 2013
Dec, 2012	The “Battery Conductive Pad and Battery Connector of Electronic Device with Movable Battery Conductive Pad” acquired the Mainland New Design Patent (ZL 201220724073.1) in 2013
Jan, 2013	The “Biodetection System” acquired the Taiwan New Patent (M462094) in 2013
Apr, 2013	The “Analyte Measuring Instrument” acquired the Mainland New Design Patent (ZL201330114219.0) in 2013
Jul, 2013	The “Analyte Measuring Instrument” acquired the EU New Design Patent (002277103) in 2013
Jul, 2013	The “Analyte Measuring Instrument” acquired the Mainland New Design Patent (ZL201330339898.1) in 2014
Apr, 2012	The “Dry Container” acquired the US New Design Patent (D676747) in 2014
Jul, 2011	The “Measurement Method of Electrochemical Sensing Test Strip” acquired the Taiwan Invention Patent (I427291) in 2014
Oct, 2010	The “Test Strip with Electrochemical Sensor” acquired the China Invention Patent (ZL201010501028.5) in 2014
Sep, 2010	The “Test Strip with Electrochemical Sensor” acquired the Taiwan Invention Patent (I439689) in 2014
Oct, 2011	The “Measurement Method of Electrochemical Sensing Test Strip” acquired the US Invention Patent (US8702960) in 2014
Oct, 2013	The “Charging Cradle” acquired the China New Design Patent (ZL201330479661.3) in 2014
Oct, 2013	The “Battery Connector” acquired the Germany Invention Patent (202013009263.7) in 2014
Dec, 2013	The “Analyte Measuring Instrument” acquired the China New Design Patent (ZL201330609521.3) in 2014
Oct, 2013	The “Analyte Measuring Instrument” acquired the Taiwan New Design Patent (D162391) in 2014
Jan, 2013	The “Puncture Device” acquired the EU Invention Patent (602013000063.8) in 2014
Jul, 2008	The “Password Module, Biosensor and Its Operating System” acquired the China Invention Patent (ZL200810126588.X) in 2014
Jun, 2010	The “Dry Container” acquired the US Invention Patent (US8789692) in 2014
Sep, 2011	The “Test Strip with Electrochemical Sensor” acquired the US Invention Patent (US8845869) in 2014
Sep, 2012	The “Measurement Method and Sensor For Sample To Be Analyzed” acquired the US Invention Patent (US8840776) in

	2014
Mar, 2012	The “Cover of Dry Container” acquired the Taiwan New Design Patent (D163003) in 2014
Sep, 2011	The “Measurement Method of Electrochemical Sensing Test Strip” acquired the China Invention Patent (ZL201110319118.7) in 2014
Mar, 2012	The “Puncture Device” acquired the China Invention Patent (ZL201210087976.8) in 2014
May, 2014	The “Insulin Measurement Pen with Attached Biosensor” acquired the China New Design Patent (ZL201430156340.4) in 2014
Aug, 2011	The “Biological Measurement System and Test Strip Structure for Two-Way Checking of Test Specimen Data” acquired the Taiwan Invention Patent (I468687) in 2015.
Jun, 2011	The “Dry Container” acquired the US Invention Patent (US8919545) in 2015
May, 2014	The “Sensor Test Strip” acquired the China New Design Patent (ZL201430128747.6) in 2015
Jan, 2012	The “Puncture Device” acquired the Taiwan Invention Patent (I477256) in 2015
Jun, 2014	The “Analyte Measuring Instrument” acquired the China New Design Patent (ZL201430176747.3) in 2015
Mar, 2007	The “Password Module, Biosensor and Its Operating System” acquired the US Invention Patent (US9052306) in 2015
July, 2012	The “Biological Measurement System and Test Strip Structure for Two-Way Checking of Test Specimen Data” acquired the US Invention Patent (US9083862) in 2015.
Oct, 2011	The “Biological Measurement System and Test Strip Structure for Two-Way Checking of Test Specimen Data” acquired the China Invention Patent (ZL201110327937.6) in 2015.
Oct, 2012	The “Measurement Method and Sensor For Sample To Be Analyzed” acquired the China Invention Patent (ZL201210410841.0) in 2015
Jan, 2012	The “Puncture Device” acquired the Taiwan Invention Patent (I477256) in 2015
Dec, 2012	The “Icons Used In Blood Glucose Meter” acquired the US Design Patent (US735756) in 2015
Nov, 2012	The “Icons Used In Blood Glucose Meter” acquired the US Design Patent (USD734348) in 2015
Dec, 2013	The “Biosensor Test Strip” acquired the Taiwan Invention Patent (I493184) in 2015
Nov, 2013	The “Sensor Test Strip” acquired the US Design Patent (USD738526) in 2015
May, 2014	The “Sensor Test Strip” acquired the China Design Patent (ZL201430128747.6) in 2015
Dec, 2014	The “Analyte Measuring Instrument” acquired the Germany New Patent (202014106129) in 2015
May, 2014	The “Insulin Measurement Pen with Attached Biosensor” acquired the US Design Patent (USD723170) in 2015
Apr, 2015	The “Insulin Measurement Pen with Attached Biosensor” acquired the China New Patent (ZL201520201854.6) in 2015

Jun, 2014	The “Analyte Measuring Instrument” acquired the China Design Patent (ZL201430176747.3) in 2015
Jun, 2014	The “Analyte Measuring Instrument” acquired the US Design Patent (USD731067) in 2015
Apr, 2014	The “Analyte Measuring Instrument” acquired the Taiwan Invention Patent (I541040) in 2016
Mar, 2014	The “System and Method for Measuring Physiological Parameters” acquired the Taiwan Invention Patent (I559897) in 2016
Oct, 2013	The “Charging Cradle” acquired the Taiwan Design Patent (D174307) in 2016
Jan, 2014	The “Biodetection System” acquired the US Invention Patent (US9488658) in 2016
Jan, 2013	The “Biodetection System” acquired the China Invention Patent (ZL201310037684.8) in 2016
Sep, 2012	The “Puncture Device” acquired the US Invention Patent (US9386945) in 2016
Oct, 2012	The “Measurement Method and Sensor For Sample To Be Analyzed” acquired the Taiwan Invention Patent (I525322) in 2016
May, 2012	The “Measuring-System of Physiological Parameters and Method” acquired the China Invention Patent (ZL201210135965.2) in 2016
May, 2012	The “Measuring-System of Physiological Parameters and Method” acquired the US Invention Patent (US9339234) in 2016
Oct, 2005	The “Structure of Disposable Electrochemical Sensor Test Strip and Its Manufacturing Method” acquired the EU Invention Patent (EP1634066) in 2016
Apr, 2010	The “One of the Detection Methods to Determine the Occupancy Status of Sample” acquired the Europe Invention Patent (EP 2239563) in 2016
Mar, 2014	The “System and Method for Measuring Physiological Parameters” acquired the Taiwan Invention Patent (I559897) in 2016
May, 2006	The “Operation Method of Measuring Instrument and Measuring Instrument” acquired the Europe Invention Patent (EP1860432) in 2017
Apr, 2012	The “Measuring-System of Physiological Parameters and Method” acquired the Taiwan Invention Patent (I569773) in 2017
Jun, 2015	The “Battery Conductive Pad and Battery Connector of Electronic Device with Movable Battery Conductive Pad” acquired the US Invention Patent (US9847521) in 2017
May, 2014	The “System and Method for Measuring Physiological Parameters” acquired the China Invention Patent (ZL201410200146.0) in 2017
Jan, 2015	The “System and Method for Measuring Physiological Parameters” acquired the US Invention Patent (US9600991) in 2017
Sep, 2016	The “One of the Analyte Measurement Modules” acquired the

	Taiwan Invention Patent (I607217) in 2017
Sep, 2016	The “One of the Analyte Measurement Modules” acquired the Taiwan Design Patent (D183912) in 2017
Sep, 2016	The “One of the Analyte Measurement Modules” acquired the China Design Patent (ZL201600534559.2) in 2017
Apr, 2017	The “Analyte Measuring Instrument” acquired the Taiwan Design Patent (D186862) in 2017
Oct, 2017	The “Part of Analyte Measuring Instrument” acquired the China Design Patent (ZL201730477448.7) in 2018
Sep, 2016	The “One of the Analyte Measurement Modules” acquired the Taiwan Invention Patent (I628438) in 2018
May, 2017	The “Physiological Parameter Monitoring System” acquired the Taiwan Invention Patent (I627940) in 2018
Jun, 2017	The “Graphical User Interface of Display Screen” acquired the Taiwan Design Patent (D194448) in 2018
Jun, 2017	The “Mobile Phone With Graphical User Interface” acquired the China Design Patent (ZL201730282807.33) in 2018
Dec, 2017	The “Graphical User Interface of Display Screen” acquired the Europe Design Patent (4566065) in 2018
Apr, 2018	The “Part of Physiological Patch” acquired the Taiwan Design Patent (D195429) in 2018
Apr, 2018	The “Part of Physiological Patch” acquired the China Design Patent (ZL201830129370.4) in 2018
Apr, 2018	The “Part of Physiological Patch” acquired the Japan Design Patent (1617961) in 2018
Apr, 2010	The “One of the Detection Methods to Determine the Occupancy Status of Sample” acquired the US Invention Patent (US10197523) in 2019
Jun-2017	The “Approach for Analyzing Physiological Parameters” acquired the Taiwan Design Patent (I667012) in 2019
Oct-2017	The “Part of Analyte Measuring Instrument” acquired the US Design Patent (D851769) in 2019
Dec-2017	The “Electronical Device with Graphical User Interface” acquired the US Design Patent ((D861013) in 2019
Apr-2018	The “Part of Physiological Patch” acquired the Taiwan Design Patent (D195429) in 2019
Jul-2018	The “Elastic Physiological Patch” acquired the Taiwan Design Patent (I682766) in 2020
Oct-2018	The “Analyte Measuring Instrument” acquired the China Design Patent (ZL201830598770.X) in 2019
Oct-2018	The “Analyte Measuring Instrument” acquired the Taiwan Design Patent (D198715) in 2019
Oct-2018	The “Analyte Measuring Instrument” acquired the US Design Patent (D874007) in 2020
Nov-2018	The “Sensor Strip” acquired the Taiwan Design Patent (D199020) in 2019
Nov-2018	The “Sensor Strip” acquired the China Design Patent (ZL201830617556.4) in 2019
Jan-2019	The “Part of Physiological Patch” acquired the Taiwan Design Patent (I682766) in 2019
Jan-2019	The “Medical Device Implants” acquired the Taiwan Design

	Patent (D202156) in 2020
Apr-2019	The “Physiological Patch” acquired the Taiwan Design Patent (D201911) in 2019
Apr-2019	The “Physiological Patch” acquired the China Design Patent (ZL201930147594.2) in 2019
Apr-2019	The “Physiological Patch” acquired the EU Design Patent (006365748-0001) in 2020
Jun-2019	The “Medical Device Implants” acquired the EU Design Patent (006564498-0001) in 2019
Jun-2019	The “Medical Device Implants” acquired the Taiwan Design Patent (D203325) in 2020
Dec-2019	The “Medical Device Charger” acquired the EU Design Patent (006564498-0001, 006564498-0002) in 2019
Jan-2020	The “Graphical User Interface of Display Screen” acquired the EU Design Patent (007696620-0001, 007696620-0002, 007696620-0003, 007696620-0004) in 2020
Jun-94	The “A coding module, a bio sensing meter and a method for operating a bio sensing meter” acquired the EU Invention Patent (EP1729128) in 2019
Dec-103	The “Biosensor strip” acquired the US Invention Patent (US10732138) in 2020
Sep-105	The “Physiological signal sensing device” acquired the China Invention Patent (ZL201610820006.2) in 2021
Sep-105	The “A physiological parameter measurement module” acquired the Taiwan Invention Patent (I607217) in 2017
Sep-105	The “Physiological signal sensing device” acquired the China Invention Patent (ZL201610819723.3) in 2020
Jan-106	The “Method for dynamic analyzing blood sugar level, system thereof and computer program product” acquired the Taiwan Invention Patent (I668664) in 2019
Nov-107	The “Sensor strip” acquired the US Design Patent (D738526) in 2020
Sep-108	The “Physiological sensing apparatus for reading a strip” acquired the Taiwan Invention Patent (I1707662) in 2020
Apr-107	The “Monitor patch” acquired the US Design Patent (D886303) in 2020
May-108	The “Biological sensing device and method for starting biological sensing device” acquired the Taiwan Invention Patent (I699189) in 2020
Jan-108	The “Physiological signal monitoring patch” acquired the Taiwan Design Patent (D201113) in 2019
Apr-108	The “Physiological signal monitoring patch” acquired the Japan Design Patent (1650136) in 2020
Dec-108	The “Physiological signal monitoring patch” acquired the South Korea Design Patent (30-1075643) in 2020
Jun-108	The “Implantable Medical Device” acquired the China Design Patent (ZL201930291002.4) in 2019
Jun-108	The “Implantable Medical Device” acquired the Japan Design Patent (1658135) in 2020
Nov-108	The “Implantable Medical Device” acquired the South Korea Design Patent (30-1084268) in 2020
Nov-108	The “Mobile phone with dynamic graphical user interface for

	glucose monitoring” acquired the China Design Patent (ZL201930657645.6) in 2020
Jan-2020	The “Mobile phone with dynamic graphical user interface for glucose monitoring” acquired the China Design Patent (ZL202030042667.4) in 2020
Dec-108	The “Medical device charger” acquired the Taiwan Design Patent (D203967) in 2020
Dec-108	The “Medical device charger” acquired the China Design Patent (ZL201930685116.7) in 2020
Dec-108	The “Medical device charger” acquired the Japan Design Patent (1668863) in 2020
Dec-108	The “Medical device charger” acquired the South Korea Design Patent (30-20201230) in 2021
Jan-2020	The “Physiological signal sensing device” acquired the Taiwan New Patent (M599631) in 2020
Jan-2020	The “Physiological signal sensing device” acquired the China New Patent (ZL202020055700.1) in 2021
May-2020	The “Monitoring device for a physiological signal” acquired the China Design Patent (ZL202030221938.2) in 2020
May-2020	The “Physiological signal monitoring device and its sensor holder” acquired the Japan Design Patent (1677458) in 2021
Aug-2020	The “Monitoring device for a physiological signal” acquired the Germany New Patent (202020104460) in 2020

(4) Long-term and short-term business development plans

(a). Short-term business development plans of the Company

i. Marketing strategies

- 1). Re-allocate marketing resources, focus on supporting key markets, flexibly adjust business strategies, and develop new markets and new customers.
- 2). Develop and promote new products with high specifications and low prices.
- 3). Create high-quality user experience and brand viscosity with unique Internet platform.
- 4). In response to the lack of opportunities for trade shows during the epidemic, online digital virtual booth marketing activities have been developed.

ii. Research and development (R&D) aspect

- 1). Introduce the home ketone test strips.
- 2). Develop new models with high specifications and low cost. Upgrade the new generation of POCT hospital glucose testers.
- 3). Develop continuous glucose monitor (CGM) and put it into mass production.
- 4). Continuously apply for various R & D patents, protect intellectual property rights, and publish R & D achievements in well-known academic journals at

home and abroad

iii. Production aspect

- 1). Introduce automation equipment and MES system to save costs and increase production efficiency.
- 2). Maintain close partnership with domestic and foreign suppliers to ensure product delivery.
- 3). Strictly implement the quality policy of designing and manufacturing world-class quality and high accuracy glucose testers and strips at low cost to achieve the quality goal of 99.9% product yield.
- 4). Actively adopt advanced manufacturing process, expand R&D for highly accurate biotechnology detecting instruments, and expand market share with its technology and cost advantages.

iv. Operational and financial aspects

- 1). Introduce KPI and OKR management systems, clearly define the objectives and more active long-term development goals of each department. Through organizational cooperation and competition, it further enhances the overall execution of the Company and strengthens the operating efficiency and effectiveness.
- 2). Increase capital by cash at the appropriate time and make proper use of financial leverage to issue bonds or apply for bank loans based on the capital requirements of the Company's business development and R&D technology improvement without affecting the profitability.

(b). Long-term business development plans

(i). Sales and marketing aspects

- 1). Establish the Rightest's brand image and develop a remote glucose monitoring and caring platform. Use Internet technology to transform into a data enterprise.
- 2). Flexibly expand ODM customers, enhance their brand awareness and establish market protection mechanisms.
- 3). Develop e-commerce sales business, and test e-commerce models in Taiwan, Mainland China, Singapore and other places.

(ii). R&D aspect

- 1). Develop the next-generation of home ketone, uric acid, cholesterol test strips

and expand the complete product lines.

- 2). Continuously improve the development of continuous glucose monitor and insulin pump to establish an artificial pancreas platform and benefit diabetic patients.
- 3). Actively nurture R&D talents, establish a strong R&D team, and knowledge building and transmission of experience to enhance the efficiency and performance of R&D.

(iii). Production aspect:

- 1) Establish a lean supply chain and operating procedures in response to the changes in the medium and long-term market structure and corporate strategy.
- 2) More than 90% of the production line is automated to improve efficiency, product quality and profit.

(iv). Operational and financial aspects:

- 1) Actively develop globally, develop international talents, and continue to expand the scale of operations to become a world-class company.
- 2) Acquire stable and low-cost global cost of capital as a capital support of the Company's rapid expansion of business scale to reduce operating costs and reduce operating risks.

2. Market and Sales Overview

(1) Market analysis

A. Sales regions of main products

Unit: NT\$ Thousand

Region	2019		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Europe	701,968	32	541,335	32
Asia	645,740	30	449,314	27
America	166,873	8	182,050	11
Others	658,342	30	495,887	30
Total	2,172,923	100	1,668,586	100

B. Product market share

Since the establishment of the Company for more than ten years, the glucose testers and strips produced by the Company have become an excellent example of the

balanced development of accuracy, stability and cost in the global industry under the continuous improvement of R&D and production technology. The product is positioned as high-quality and high-accuracy high-end brand, and has been highly recognized by the customers from more than 100 countries globally. Although the current market share is still low, has yet to reach 1% of the global market share, after ten years of hard work by Bionime, most products have passed the FDA and CE certifications. In the future, it will continue to develop the new products with higher specification, and will be committed to benefiting the diabetes patients with high quality and price competitiveness.

C. The future supply and demand situation and growth of the market

Physiological signal measurement equipment was only used in medical institutions in the early days. It is a medical professional measurement equipment, which is expensive, and its use and maintenance are complicated and required operates by professional. With the rapid development of sensing technology, the cost of medical electronic products has been greatly reduced, and the awareness of home health care has also been significantly improved. The market demand for physiological signal measuring equipment that can be operated by general users has shown a steady growth trend. It is coupled with modern people focus on “preventive medicine”, instruments that can be measured at any time can assist in early detection and early treatment for general users. In addition, in modern society where chronic disease of civilization becoming more serious, if chronic diseases such as diabetes has been diagnosed, the disease will no longer deteriorate only through disease control management, thereby gradually restoring health. Therefore, regardless of the prevention point of view or disease control, the market demand for future home medical measuring instruments will continue to grow.

Due to medical measurement is a cross-disciplinary and integration of inter-industry, the accuracy and stability of products have certain technical bottlenecks. It is coupled with the characteristics of medical equipment industry are greatly affected by the government policies of the place of sale. As it involved personal health and safety, hence, the product verification system requirements are very stringent. The Company has unique patented technologies that enable it can achieve home-based blood glucose test strips with laboratory grade by using low-cost structure and manufacturing processes. It not only avoids the hundreds of patent

restrictions of the existing international manufacturers, but also jumped out of the technical framework of international manufacturers, and achieving competitive advantages of high accuracy, high stability, low cost and enhanced competitiveness. It is qualified to cooperate with the world's largest manufacturers or has the competitive edge to compete globally. In the future, the Company will actively engage in R&D with the concept of biotechnology industry rooted in Taiwan, integrate domestic upstream, midstream and downstream industries to complete the manufacturing processes from autonomous production of raw materials to the final biotechnology products, and enhance the technical level of Taiwan's biotechnology industry. It also adopts the coexistence strategy of own brand and ODM, and actively expands the markets of emerging countries such as Southeast Asia, Mainland and Central and South America to increase the product market share

Smart phones and Internet applications drive the innovation and development of global smart medical care technologies. Through the acquisition of personal physiological information, it connects with the medical staff and the user to improve the efficiency of medical resources. For example, diabetes patient requires long-term control or even real-time treatment. Through the smart healthcare, it can break through the geographical limitations and time restrictions of traditional medical diagnosis models, and get better care. All these are also the future development focus of smart healthcare or telemedicine industry. The Rightest glucose care service application (Ecosystem) developed by the Company is an interdisciplinary integrated IoT aquaponics system. The patient authorizes medical staff, friends and family members to access the mobile phone App. The glucose data are converted into easy-to-understand charts on the platform, which are shared with each other to transmit and remind. It also integrates with the health education information provided by professional health organization and the economy of points, a new retail model of offline pharmacy. It actively lays out digital development in the glucose care industry to keep in line with the global trend of smart medical development.

D. Competitive Niches

(i). Product and R&D technology are competitive:

The Company has mastered the whole process of technology from R&D to production. The structure and shape of the test strip are different from the existing commercial products. The product has the advantage of product differentiation of nanometer-grade precious metal electrodes, and the developed

products have been patented. In addition, the rapid development of new products of the Company, and continuous improvement on quality, yield, manufacturing processes, cost, and active supply chain integration to enhance the technology of the third-party manufacturers.

Bionime's unique embedded precious metal electrode sensor test strip, was evaluated in 2009 by the IDT, Germany diabetes authoritative organization according to ISO15197 for rating of 27 blood glucose meters worldwide. As the model of GM101 and GM300 blood glucose meters have excellent performance which enable the technology of Bionime to keep pace with other world's largest manufacturers, and its accuracy of the products have attained the first-class standards. In the future, Bionime will use this production technology in the blood lipids testing such as cholesterol and triglycerides for the cardiovascular diseases prevention to enhance its competitive advantages.

(ii). Global e-medical are and application of telemedical technologies

Bionime takes the lead in developing an overall glucose care management ecosystem. With an IoT platform and a connected glucose monitoring instrument, Bionime has built an innovative model of overall glucose management in and out of hospitals in many countries. Faced with the requirements for product interconnection under the global digital transformation trend, this competitive niche is conducive to the promotion of Company's businesses further increases our market share.

(iii). The management team is expertise in integration of systems across chemistry, electronics, software, institutions, precision manufacturing, IoT, industrial management, etc. All employees are highly competent and the organizational response is efficient.

(iv). Government incentives and promotion:

The government has listed the biotechnology industry as a key driver in the 21st century and has offered a number of preferential measures. The Ministry of Economic Affairs also established the Biotechnology and Pharmaceutical Industry Task Force in 1995 to facilitate upgrading of industries, and to recruit talents from overseas to participate in the R&D of biotechnology development in order to improve the technical level and competitiveness of Taiwan's biotechnology industry.

In view of the surge in the population has diabetes, the government has reduced the financial burden of patients with type I diabetes (IDDM) and increased their willingness to measure blood glucose. As the pancreas of the patients with IDDM unable to secrete insulin by itself due to some reasons, the patients have to take insulin for life and monitor the efficacy of the treatment with blood glucose test strips. The Department of Health and the Ministry of the Interior currently plan to include Type I diabetes in the scope of major organ-disabled diseases that meet the issuance criteria of disability card. The Bureau of National Health Insurance also included the blood glucose test strips required for this type of patient in the NHI Payment on June 1, 2010, and subsidized four test strips per day to facilitate the blood glucose control of patients, reduce the risk of complications and the probability of dialysis, should be served several purposes at the same time.

(v). High strength of global marketing

Bionime has a strong international marketing team, and has developed a global distribution system, coupled with the publication of professional journals and clinical trial reports from renowned European and American hospitals or diabetes centers have enabled Bionime to become an own brand biosensor technology manufacturing company in Taiwan, BIONIME and Rightest successfully marketed worldwide.

(vi). Higher living standards of people

Domestic living standards have improved, Taiwanese have attached great importance to the health and the domestic elderly population is increasing. It is estimated that the demand for preventive medical care will continue to increase; and the growth of the elderly population and the steady growth of home care product consumption in the world will facilitate business development.

(vii). American health care reform program

The health care reform program adopted by the United States in March 1999, it is expected to invest \$634 billion US dollars (about NT\$ 19 trillion) in the next decade, with the objective of providing basic equality of medical care, focusing on preventive medicine and encouraging imported cheaper generic drugs, high-reliability and low-cost medical device. It is expected that the orders of the originally bulk export of blood glucose meter and its test strips to the United States will be significantly increased, which is a great opportunity for Taiwanese medical device manufacturers

who are known for their high quality and affordable prices.

viii. Health China Action (2019-2030) strategy of Mainland China

The Health China Action of Mainland China is expected to promote the fast development of the industries such as chronic disease treatment and telemedicine. Mainland China will carry out major actions with the two cores of disease prevention and health promotion to transform people's conceptual focus from "disease treatment" to "health". It makes full use of information technology such as the Internet and big data, conduct large-scale cohort research, and improve the medical insurance payment policy for the treatment of chronic diseases, which is expected to bring obvious opportunities for sales.

(E) Development outlook - favorable and unfavorable factors

Item	Favorable factors	Unfavorable factors	Countermeasures
Production technology	The unique test strip production technology has been protected by patents.	Biotechnology belongs to the high-tech industry, and related production technologies are strictly protected by patents regulations. The competitors of the Company are all large foreign manufacturers, which investing considerable capital and manpower for improvement and R&D in production technology. Therefore, the Company needs to conduct a comprehensive investigation or take an approach entirely different from them to develop its own production technology when developing new	Training is provided to the relevant technical personnel to enhance product competition and responsiveness, and seek other alternative technologies for production, and develop higher quality products. And actively seek and train upstream and downstream suppliers in order to produce products that are better than the quality of international manufacturers at lower cost. It actively invests in product development and production of continuous glucose monitors, gaining a place in this market with

		technologies to avoid patent infringement.	high-tech requirements and highly explosive growth.
R & D capabilities	The company has been leading the world's advanced countries by using unique technology to develop products with outstanding performance in accuracy and precision.	There is a lack of communication in relevant domestic industry information, and the transfer of outsourcing technology is not smooth; the training environment for R&D personnel needs to be improved, resulting in a slower transmission of experience.	Keep abreast of the development of international technology information, actively participate in international exhibitions, understand global market trends and used them as a reference for R&D, and actively arrange training courses for R&D personnel to acquire the latest knowledge. And the Company continues to develop new products as its research and development goals every year to improve the morale of R&D personnel.
Marketing capabilities	The Company's products have been certified by the US FDA and the European Union CE, and have passed ISO13485 and Taiwan GMP certification, which is a valuable sales tool. Also, the Company is the first own brand biochemical sensor manufacturing company in Taiwan, BIONIME and Rightest	The competitors are all international large manufacturers with abundant funds. They not only provide low-cost or free blood glucose meters in the market, but also cause industrial imbalances through mergers and acquisitions, which hinders the Company's sales in the market.	Actively participate in international exhibitions and journal publication to establish brand image awareness and enhance product credibility through regional and professional marketing. Provide marketing tools to regional distributors and build a complete distribution network to

	successfully marketed worldwide.		establish a closer “partnership” relationship with distributors.
Raw material supply	The main raw material of the Company's products is the plastic substrate of the test strip. The plastic substrate manufacturer and the Company has signed a contract, and the Company has maintained a long-term partnership with the supplier. 95% of the core raw materials are supplied by domestic manufacturers, and all of them have more than 2-3 suppliers as substitutable, therefore the satellite system in the supply chain is in a stable state.	The biotechnology industry is an emerging industry of two trillion and twin star in Taiwan. At present, the entire industry development is only in its infancy stage, and the satellite system has not yet been completed. Suppliers are not yet aware of the quality specifications of the biotechnology industry, but the quality requirements of the biotechnology industry have reached the nanometer specifications. General suppliers need a longer period of time to gear in, and learn from each other, and Bionime is responsible to coach the suppliers in order to lead its supply chain system into a highly competitive market.	1. The core materials are self-made by the Company’s production line. 2. Establish a professional supplier coaching team, and seek suppliers with the capabilities to manufacture high quality materials 3. The supplier coaching team actively invested in engineering resources to cultivate the concept of one of the Company’s production lines, strengthen the guidance of existing suppliers, improve their manufacturing process capability and management capabilities, and bring greater opportunities for the Company to create a win-win situation.
Regulatory standards	The blood glucose test strips of GM101 and GM300 of Bionime were	As the quality of medical device is critical to human safety, governments have	In the production process of its blood glucose meters and test

	evaluated in 2009 by the IDT, Germany diabetes authoritative organization for the evaluation of 27 blood glucose test strips. If the result of the evaluation is changed to the range of $\pm 15\%$ of the error, it still conforms to the ISO 15197 specification, hence, its quality is well-recognized. At the same time, the IoT platform conforms to ISO 27001, HIPAA, and GDPR specifications, and is certified by TFDA and CE. It is recognized in the IoT medical device, personal privacy and information security.	established strict regulations to manage them. Medical device manufacturers need to pass production quality certification or clinical trials in order to obtain relevant quality certifications in each country prior to the product selling. At present, the specification of blood glucose testing according to ISO 15197 will change the error range of current blood glucose test results above 75 mg/dL (inclusive) from $\pm 20\%$ to $\pm 15\%$, which will improve the accuracy of blood glucose testing.	strips, Bionime adopts high-standard manufacturing processes, quality control and stable accuracy requirements to meet the product requirements of medical device worldwide. And it continues to invest in R&D of product improvement to continuously improve its precision, accuracy and stability.
Foreign exchange risk	The financial situation of Bionime is healthy, the cash position on the account is sufficient, and it has good relationship with financial institutions such as banks, etc., and there are sufficient resources to hedge the exchange rates. In the past, due to the Euro- and US dollar-denominated sales are equivalent, which imposed a natural hedging effect. However, in recent	The dependence on export is high, and it is vulnerable to exchange rate fluctuations and thereby affecting the level of profitability.	Continue to strengthen the concept of currency hedging of financial personnel, and strengthen the interaction with financial institutions in order to assess the trend of changes in exchange rates, and used as a reference for hedging. At the same time, try to pay the purchase expenses in the same currency with the sales revenues in order to

	years, the international exchange market is dynamic, the Company has begun to adopt the asset and liability hedging methods by this year, and continued to review in response to fluctuations in the international exchange market.		achieve natural hedging effect. In addition, the Company also will consider the future exchange rate trend before provide quotation for new orders.
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(2) Important use and production process of main products

(a). Important use of main products

Name of product	Important uses and functions
Blood glucose meter	The main function of the Company's blood glucose meter is to measure the glucose concentration in the blood (referred to as blood glucose concentration) of users quickly and accurately. It provides a complete information to the users and the medical personnel, and further control the blood glucose changes in the body by measuring the level of blood glucose.
Blood glucose test strips	In addition to the blood glucose meter, it needs to pair with the blood glucose test strip in order it can measure the blood glucose concentration normally and correctly. Blood glucose test strip looks like a thin piece, and usually has an enzyme in biochemical sensor, such as glucose oxidase (GOD) in the blood area. This type of enzyme substance plays an important role in the blood glucose test strip by generating a specific biochemical reaction with blood glucose, and further generating a current that can be measured by the blood glucose meter, and thereby converting to the concentration value that can be interpreted by user.

(b). Production process

(i) Blood glucose meter

The blood glucose meter is an electronic product, which is divided into the following major production processes:

1) PCBA processing process

Includes IC version processing and LCD screen processing.

2) Pre-assembly process

Includes the assembly procedures of components like PCBA, upper and lower cover modules, LCD, button, etc., and the calibration check of the

tester.

3)Functional verification

Includes warm-up verification, current measurement verification, actual verification and reliability verification.

4)Final-assembly process

Includes serial number printing, appearance parts assembly, appearance wiping, date and unit setting adjustment, test strip insertion and removal test, etc.

(ii) Blood glucose test strips

The manufacturing process of blood glucose test strip needs to cover the following three major production processes:

1) Manufacturing process of overlay

Includes raw material processing, rubberize, printing, and exterior punching.

2) Manufacturing process of precious metal electrodes

Includes exterior stamping and surface treatment.

3) Manufacturing process of plastic film

Includes exterior stamping and plastic injection.

4) Test piece assembly production process

Includes electrode assembly, reagent coating, and placement of overlay.

5) Test piece stability quality control

Includes setting test piece formula, measurement precision, and balance stability.

(iii) Supply situation of main raw materials

Name of raw material	Supplier	Supply situation
Gold salt	Company F	Good
Test piece container	Company C	Good

(iv) Details of suppliers (customers) accounted for more than 10% of total procurement (sales) amount in either of the most recent two fiscal years

1) List of suppliers for procurement in the most recent two fiscal years

Unit: NT\$ Thousand

Item	2019				2020				Current fiscal year up to previous quarter (Note 2)			
	Name	Amount	Percentage of annual net purchase (%)	Relations hip with the issuer	Name	Amount	Percentage of annual net purchase (%)	Relations hip with the issuer	Name	Amount	Percentage of net purchases of current fiscal year up to previous quarter (%)	Relations hip with the issuer
1	Company F	59,390	8.8	-	Company F	49,560	8.4	-	Company C	14,264	8.9	-
2	Company C	42,761	6.3	-	FanWei	46,014	7.8	-	Company F	11,558	7.3	-
	Others	572,306	84.9	-	Others	495,151	83.8	-	Others	133,879	83.8	
	Net purchase	674,457	100	-	Net purchase	590,725	100	-	Net purchase	159,701	100	-

Note 1: Details of suppliers accounted for more than 10% of total procurement amount in the most recent two fiscal years, where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be disclosed therewith.

2) List of customers for sales in the most recent two fiscal years

Unit: NT\$ Thousand

Item	2019				2020				Current fiscal year up to previous quarter (Note 2)			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales of current fiscal year up to previous quarter (%)	Relationship with the issuer
1	Company E	428,536	19.72	-	Company E	251,467	15.07	-	Company E	106,182	22.89	-
2	Company Y	287,012	13.21	-	Company Y	235,502	14.11	-	Company Y	53,178	11.47	-
3	Tung Pao	306,399	14.10	Director	Tung Pao	122,630	7.35	Director				-
	Others	1,150,976	52.97	-	Others	1,058,987	63.47		Others	304,438	65.64	-
	Net sales	2,172,923	100		Net sales	1,668,586	100		Net sales	463,798	100	-

Note 1: Details of customers accounted for more than 10% of total sales amount in the most recent two fiscal years, where the company is prohibited by contract from revealing the name of a customer, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be disclosed therewith.

Company E is a North African customer of the company, and Company Y is a well-known foreign medical device manufacturer, both have existing marketing channels. They are all affected by the COVID-19 and their sales have declined during this period. Tung Pao was originally the company's exclusive distributor in mainland China. In 2020, the company negotiated an extension contract with Tung Pao to recover the exclusive sales rights of some models.

(v) Production volume for the most recent two fiscal years

Unit: Thousand groups; thousand pieces; NT\$ thousand

Year Production volume Main product	2019			2020		
	Capacity	Output	Output value	Capacity	Output	Output value
Blood glucose meter kit	1,400	1,306	483,215	1,000	948	348,484
Blood glucose test strips	540,000	535,888	639,277	500,000	457,769	534,235
Total	541,400	537,194	1,122,492	501,000	458,717	882,719

The production volume value decreased compared with the previous year, due to the global COVID-19 epidemic affecting shipments.

(vi) Sales volume for the most recent two fiscal years

Unit: Thousand groups; thousand pieces; NT\$ thousand

Year Sales volume Main product	2019				2020			
	Domestic		Foreign		Domestic		Foreign	
	Output	Output value	Output	Output value	Output	Output value	Output	Output value
Blood glucose meter kit	52	15,255	1,364	290,401	40	11,830	813	192,549
Blood glucose test strips	21,985	122,805	524,068	1,694,646	20,336	125,065	440,344	1,276,424
Others	-	7,568	-	42,248	-	6,527	-	56,191
Total	-	145,628	-	2,027,295	-	143,422	-	1,525,164

3.The number of employees employed for the most recent two fiscal years, and during the current fiscal year up to the date of publication of the annual report

Year		2019	2020	April 30, 2021
Number of Employee	R&D personnel	154	159	154
	Management and sales personnel	260	269	260
	Manufacturing personnel	653	635	653
	Total	1067	1063	1067
Average age		34.0	33.6	34.0
Average years of service		4.7	4.3	4.7
Academic distribution percentage	Ph. D.	0.66%	0.66%	0.66%
	Master	11.81%	11.95%	11.81%
	College	50.23%	49.20%	50.23%
	High School	35.14%	36.22%	35.14%
	Below high school	2.16%	1.97%	2.16%

Note: The number of people does not include temporary personnel.

4. Information on environmental protection expenditures

(1). According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made.

Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

(a). Daqing Plant: Water pollution prevention and control permit, no employment of wastewater treatment exclusive personnel is required.

(b). Dawei Plant: Water pollution prevention and control permit, an exclusive personnel of Class B is employed.

(2). Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None.

(3). The process undertaken by the company on environmental pollution improvement for the most recent two fiscal years and up to the date of publication of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.

(4). The total amount of losses and penalties due to environmental pollution in the past two years and as of the date of publishing the Annual Report(including compensation and environmental protection audit results that violate environmental protection laws and

regulations, it shall list the date of punishment, the code of the punishment, the violation provision of the laws and regulations, the content of the provisions, and the content of the punishment), actions to be taken in the future and the possible expenditures:

(a) The Da-Wei factory of the company is engaged in the electroplating industry in No. 34, Da-Wei Road, Dali District, Taichung, and has a permit for wastewater discharge to surface water bodies issued by the Bureau of Environmental Protection (No: Zhongshi Huan Shui Zi No. 00218-03). The Bureau of Environmental Protection sent personnel to check and sample the wastewater at the discharge port on September 22, 2020. The detection value of hydrogen ion concentration was 10.1 (limit: 6-9), and the detection value of suspended solids was 46.8mg/L ((limit: 30mg/L), failing to meet the discharge water standard, violating Article 7 Item 1 of the Water Pollution Control Act and received the Zhongshi Huan Shui Zi No. 1090120091 on October 23, 2020, the fine notification number: 30-109-100019, and imposed a fine of NT\$126,000.

(b) Improve treatment and response measures: On the afternoon of September 21st, the company discovered that the NaOH dosing machine of our wastewater treatment system had an abnormal dosing, and the cause was found to be the damaged or degummed NaOH pipeline, resulting in inaccurate dosing reaction. Although immediately go to the material shop to purchase related parts for replacement, due to the increase in hydrogen ion concentration, the suspended solids cannot be fully and effectively agglomerated during the chemical reaction, causing the sludge to float up due to insufficient gravity, and then flow to the discharge port. So when the Bureau of Environmental Protection came to the factory for inspection on September 22, the suspended solids test did not meet the discharge water standard. After replacing the parts and body of the dosing controller, the dosing returned to normal. Reported to the Bureau of Environmental Protection, the hydrogen ion concentration (pH value) was 8.32, and the suspended solids test value was re-examined as normal, meeting the discharge water standard, and the improvement was confirmed.

(5).The current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two fiscal years: None.

5. Labor relations

(1). All employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and

management, and all measures aimed at preserving the rights and interests of employees:

(a) Employee welfare measures: Talents are the most important assets of the Company.

We carefully cultivate, treasure and care for each and every colleague in order they can achieve work-life balance. The Company also adheres to the principle of profit sharing and performance-oriented to develop compensation policies in order to provide a comprehensive welfare system and measures.

- i. Labor insurance and National Health Insurance.
- ii. Annual festival bonus, quarterly performance bonus.
- iii. Employee stock ownership plan, Employee stock option certificates.
- iv. Regularly organize employee travel and various cultural and recreational and festival activities.
- v. Festival gift vouchers, wedding gifts, maternity gifts, condolence gifts, birthday celebrations and birthday vouchers.
- vi. Employee overtime meal allowances.

(b) Employee continuing education, training: Based on the corporate culture of integrity, the Company is constantly striving towards the goal of sustainable management and maintaining market competitiveness. With the comprehensive education and training plan, each colleague can continuously improve work performance, develop self-potential, and achieve a win-win goal of enterprise development and self-growth in a working environment of right person in the right place.

- i. New employee orientation: There will be an exclusive instructor guides the newcomers to familiarize the working environment, and also strengthen their recognition and understanding of the Company. In addition, all departments have planned new basic training related courses for newcomers to help them to learn work related knowledge.
- ii. Professional training: The Company is committed to nurturing challenging chemical and electronic design talents, and encourages colleagues to participate in external professional training courses to enhance personal expertise and skills. In addition, all departments will regularly conduct various professional training courses to achieve the goals of knowledge sharing and improvement of job function.
- iii. Management training: The Company arranges various management training program for each level of supervisors to establish their team's

shared vision and operational consensus.

(c). Retirement system and its implementation status:

Since the establishment of the Company, the “Supervisory Committee of Labor Pension” has been established for safeguarding the rights and interests of colleagues, taking care of the retirement life of colleagues and promoting labor relations. In addition, the Company makes a monthly pension to employees’ individual pension fund accounts at the Bureau of Labor Insurance in order to provide greater protection to the retirement life of colleagues according to the Labor Pension Statutes since July 1994.

Pension system	Old system	New system
Applicable source of law	Labor Standards Act	Labor Pension Act
How to contribute	Appropriate 2% of the total monthly salary of the employees, and deposit in the special account of Bank of Taiwan (formerly the Central Trust Bureau) in the name of the company	According to the employee's insurance level, 6% will be allocated to the individual account of the Labor Insurance Bureau
Contribution	Cumulative amount of labor retirement reserve NT\$ 4,311 thousand	Contribution of NT\$21,054 thousand in 2020

(d). The status of agreements between labor and management:

- (i) The establishment of the Employees' Welfare Committee: In addition to improve employee benefits, it also acts as an important channel for colleagues to participate in the development of the Company’s employee welfare policy. Since its establishment, colleagues have been willing to dedicate themselves to the full play of their functions, and create a win-win situation for both colleagues and the Company.
- (ii) Regularly monthly meeting: As an important channel for the Company to make public announcement for various information, as well as an important channel for colleagues to express their opinions and two-way communication.
- (iii) Mailbox for exchange of views: It is a complaint channel for colleagues which managed by dedicated personnel. It encourages colleagues to express various suggestions, which will be used as a reference for the continuous improvement of corporate policies.

2. List any loss sustained(including the incident against the Labor Standards Act according to the labor inspection results, and it shall list the date of punishment, the code of the punishment, the violation provision of the laws and regulations, the content of the provisions, and the content of the punishment) as a result of labor disputes in the past two years and as of the Annual Report publication date, disclose the estimated amount of loss incurred to date or likely to be incurred in the future, and indicate mitigation measures being undertaken or to be taken:

The Company has always attached importance to employee welfare and rights, and actively maintains harmonious labor relations. It respects the opinions of employees. Employees can always express their opinions through email, telephone, employee suggestion box or meeting. With smooth labor communication channels, no major labor disputes occurred in the past two years.

6. Important contracts

Nature of Contracts	Contracting parties	Commencement dates and expiration dates of contracts	Major content	Restriction clause
Trademark licensing contract	GE Trademark Licensing, Inc	2019.2.1~2029.12.31	GE Trademark licensing	Exclusive license
Sales contract	Y001	2018.11.1~2023.10.30	Product sales in Europe region	ODM for exclusive models
Sales contract	B04	2020.12.7~2026.12.31	Italian product ODM contract	Exclusive models and future derivatives

VI. Financial Overview

1. Summary financial data for the most recent five fiscal years

(1) Condensed balance sheet and consolidated income statement- International Financial Reporting Standards (IFRS)

(a) Condensed balance sheet (This sheet is prepared in consolidated financial statements)

Unit: NT\$ Thousand

Year Item		Financial data for the most recent five financial years (Note 1)					Current fiscal year and up to March 31, 2021 Financial data (Note 3)
		2016	2017	2018	2019	2020	
Current assets		1,745,884	1,489,277	1,769,945	1,595,432	1,457,309	1,455,428
Property, plant and equipment (Note 2)		2,729,685	2,707,104	2,689,666	2,669,672	2,620,183	2,600,367
Intangible assets		16,565	11,759	8,550	49,503	205,774	239,405
Other assets (Note 2)		154,397	166,776	121,243	89,633	201,786	217,013
Total assets		4,646,531	4,374,916	4,589,404	4,404,240	4,485,052	4,512,213
Current liabilities	Before distribution	1,264,285	1,559,285	1,481,422	1,380,966	1,241,045	1,323,558
	After distribution	1,505,383	1,797,115	1,596,316	1,499,630	1,365,329	-
Non-current liabilities		795,430	738,029	1,114,874	976,429	1,173,224	1,090,929
Total liabilities	Before distribution	2,059,715	2,297,314	2,596,296	2,357,395	2,414,269	2,414,487
	After distribution	2,300,813	2,535,144	2,711,190	2,476,059	2,538,553	-
Equity attributable to the parent company		2,586,816	2,077,602	1,991,237	2,042,577	2,065,627	2,092,115
Capital stock		634,468	594,468	594,468	596,698	617,558	619,633
Capital reserves	Before distribution	1,693,813	1,532,096	1,314,899	1,337,126	1,402,306	1,413,126
	After distribution	1,613,870	1,294,266	1,314,899	1,308,053	1,329,600	-
Retained earnings	Before distribution	257,890	97,771	225,511	216,593	189,752	201,679
	After distribution	96,735	97,771	110,617	127,002	138,174	-
Other Equity		645	(8,592)	(5,500)	(11,007)	(15,550)	(15,209)
Treasury stock		-	(138,141)	(138,141)	(138,141)	(138,141)	(138,141)
Non-controlling interest		-	-	1,871	4,268	5,156	5,611
Equity Total	Before distribution	2,586,816	2,077,602	1,993,108	2,046,845	2,070,783	2,097,726

	After distributio n	2,345,718	1,839,772	1,878,214	1,928,181	1,946,499	-
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Note 1: The financial data from 2016-2020 have been audited and attested by a CPA.

Note 2: Those who have applied for asset revaluation in the current fiscal year should be listed the date of processing and the reevaluation surplus.

Note 3: The financial data for the first quarter of 2020 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

Note 4: Please fill in the above after distribution figures according to the resolution of the shareholders' meeting in the next fiscal year.

Note 5: For the financial data should be corrected or restated upon received the notification from competent authority, it should be compiled with corrected or restated figures, and indicate its status and reasons.

(b). Condensed balance sheet (This sheet is prepared in individual financial statement)

Unit: NT\$ Thousand

Year Item		Financial data for the most recent five financial years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		1,587,465	1,364,620	1,622,090	1,439,323	1,274,592
Property, plant and equipment (Note 2)		2,719,917	2,696,062	2,678,843	2,659,787	2,610,332
Intangible assets		16,565	11,759	8,223	49,273	205,569
Other assets (Note 2)		321,252	284,125	261,904	253,009	377,210
Total assets		4,645,199	4,356,566	4,571,060	4,401,392	4,467,703
Current liabilities	Before distribution	1,262,953	1,540,935	1,464,949	1,384,166	1,233,337
	After distribution	1,504,051	1,778,765	1,579,843	1,502,830	1,357,621
Non-current liabilities		795,430	738,029	1,114,874	974,649	1,168,739
Total liabilities	Before distribution	2,058,383	2,278,964	2,579,823	2,358,815	2,402,076
	After distribution	2,299,481	2,516,794	2,694,717	2,477,479	2,526,360
Equity attributable to the parent company		-	-	-	-	-
Capital stock		634,468	594,468	594,468	638,006	627,260
Capital reserves	Before distribution	1,693,813	1,532,096	1,314,899	1,337,126	1,402,306
	After distribution	1,613,870	1,294,266	1,314,899	1,308,053	1,329,600
Retained earnings	Before distribution	257,890	97,771	225,511	216,593	189,752
	After distribution	96,735	97,771	110,617	127,002	138,174
Other Equity		645	(8,592)	(5,500)	(11,007)	(15,550)
Treasury stock		-	-	(138,141)	(138,141)	(138,141)
Non-controlling interest		-	-	-	-	-
Equity Total	Before distribution	2,586,816	2,077,602	1,991,237	2,042,577	2,065,627
	After distribution	2,345,718	1,839,772	1,876,343	1,923,913	1,941,343

Note 1: The financial data from 2016-2020 have been audited and attested by a CPA.

Note 2: Those who have applied for asset revaluation in the current fiscal year should be listed the date of processing and the reevaluation surplus.

Note 3: Please fill in the above after distribution figures according to the resolution of the shareholders' meeting in the next fiscal year.

Note 4: For the financial data should be corrected or restated upon received the notification from competent authority, it should be compiled with corrected or restated figures, and indicate its status and reasons.

(c). Condensed consolidated income statement (This statement is prepared in consolidated financial statements)

Unit: NT\$ Thousand

Year Item	Financial data for the most recent five financial years (Note 1)					Current fiscal year up to March 31, 2021 Financial data (Note 2)
	2016	2017	2018	2019	2020	
Operating revenues	1,740,309	1,820,267	2,007,222	2,172,923	1,668,586	463,798
Gross profit	770,487	795,773	916,999	948,418	749,125	203,700
Operating income	258,402	249,071	240,551	156,271	21,121	9,929
Non-Operating revenues and expenditures	(44,471)	(59,615)	(78,588)	(21,704)	9,990	(707)
Net profit before tax	213,931	189,456	161,963	134,567	31,111	9,222
Net income from continuing operation	178,790	149,608	127,892	106,711	63,520	12,492
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss)	178,790	149,608	127,892	106,711	63,520	12,492
Other comprehensive income for the current period (net)	(6,960)	(9,154)	2,763	(5,828)	(4,425)	231
Total comprehensive income	171,830	140,454	130,655	100,883	59,095	12,723
Net income attributable to the parent company	178,790	149,608	128,032	106,258	62,434	11,927
Net income attributable to the non-controlling interest	-	-	(140)	453	1,086	565
Total comprehensive income attributable to the owner of the parent company	171,830	140,454	130,832	100,469	58,207	12,268
Total comprehensive income attributable to the non-controlling interest	-	-	(177)	414	888	455
Earnings per share	2.82	2.52	2.23	1.85	1.06	0.20

Note 1: The financial data from 2016-2020 have been audited and attested by a CPA.

Note 2: The financial data for the first quarter of 2021 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

Note 3: The loss from discontinued operations is stated in net amount after the income tax has been deducted.

Note 4: For the financial data should be corrected or restated upon received the notification from competent authority, it should be compiled with corrected or restated figures, and indicate its status and reasons.

(d). Condensed consolidated income statement (This statement is prepared in individual financial statements)

Unit: NT\$ Thousand

Year Item	Financial data for the most recent five financial years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenues	1,676,590	1,800,555	1,946,211	2,053,362	1,601,953
Gross profit	726,745	782,534	861,992	870,030	664,546
Operating income	281,217	294,674	206,593	125,709	(8,510)
Non-Operating revenues and expenditures	(67,565)	(106,169)	(54,728)	4,230	37,669
Net profit before tax	213,652	188,505	151,865	129,939	29,159
Net income from continuing operation	178,790	149,608	128,032	106,258	62,434
Loss from discontinued operations	-	-	-	-	-
Net profit (loss)	178,790	149,608	128,032	106,258	62,434
Other comprehensive income for the current period (net)	(6,960)	(9,154)	2,800	(5,789)	(4,227)
Total comprehensive income	171,830	140,454	130,832	100,469	58,207
Net income attributable to the parent company	-	-	-	-	-
Net income attributable to the non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to the owner of the parent company	-	-	-	-	-
Total comprehensive income attributable to the non-controlling interest	-	-	-	-	-
Earnings per share	2.82	2.52	2.23	1.85	1.06

Note 1: The financial data from 2016-2020 have been audited and attested by a CPA.

(2) The name of the CPAs and the auditor's opinion for the most recent five fiscal years

Year	CPA	Name of accounting firm	Audit opinion
2016	Zi-Xin Zhang, Shi-Hua Guo	KPMG	Unqualified opinion
2017	Zi-Xin Zhang, Hai-Ning Huang	KPMG	Unqualified opinion
2018	Zi-Xin Zhang,	KPMG	Unqualified

	Hai-Ning Huang		opinion
2019	Zi-Xin Zhang, Jun-Yuan Wu	KPMG	Unqualified opinion
2020	Zi-Xin Zhang, Jun-Yuan Wu	KPMG	Unqualified opinion

2. Financial analyses for the most recent five fiscal years

(1) Financial Analyses - IFRS (this statement is prepared in consolidated financial statements)

Year (Note 1) Analysis item		Financial analyses for the most recent five fiscal years					Current fiscal year up to March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Debts ratio	44.32	52.51	56.57	53.52	53.82	53.51
	Long-term funds to property, plant and equipment ratio	123.87	103.99	115.53	113.08	123.58	122.42
Solvency (%)	Current ratio	138.09	95.51	119.47	115.53	117.42	109.96
	Quick ratio	113.04	71.59	90.99	84.52	71.20	64.34
	Times interest earned	10.55	9.40	6.57	5.23	2.44	2.87
Operating capacity	Accounts receivable turnover ratio (times)	4.59	3.52	2.78	2.73	2.67	4.07
	Average collection days	79.52	103.69	131.29	133.69	136	89
	Inventory turnover ratio (times)	2.70	2.78	2.62	2.85	1.87	1.83
	Accounts payable turnover ratio (times)	6.75	6.14	7.08	7.85	6.20	6.68
	Days' sales in inventory	135.18	131.29	139.31	128.00	195	199
	Property, plant and equipment turnover ratio (times)	0.62	0.66	0.74	0.81	0.63	0.71
	Total assets turnover ratio (times)	0.37	0.40	0.44	0.48	0.37	0.41
Profitability	Return on total assets (%)	4.28	3.73	3.39	2.93	1.81	1.46
	Return on equity (%)	6.97	6.41	6.28	5.28	3.08	2.39
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	33.71	31.87	27.24	22.55	5.03	5.95
	Profit margin (%)	10.27	8.21	6.37	4.91	3.80	2.69
	Earnings per share (NT)	2.82	2.52	2.23	1.85	1.06	0.20
Cash flow	Cash flow ratio (%)	36.21	1.89	8.22	29.36	17.53	8.07
	Cash flow adequacy ratio (%)	62.00	94.64	97.79	96.46	79.02	58.9
	Cash flow reinvestment ratio (%)	8.18	-5.92	-2.90	7.17	2.24	2.43
Leverage	Degree of operating leverage	3.58	3.96	4.3	6.21	39.92	22.81
	Degree of financial leverage	1.09	1.10	1.13	1.25	-49	1.98

Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%):

1. Decrease in interest coverage ratio: Mainly due to the decrease in pre-tax benefits, the interest coverage ratio decreased.
2. Inventory turnover ratio decreased and average sales days increased: As the cost of sales decreased, inventory turnover ratio decreased, and average sales days increased.
3. Decrease in turnover rate of payables: Due to the decrease in the cost of goods sold, the turnover rate of payables decreased.
4. Decrease in Fixed assets turnover ratio and total assets turnover ratio: Due to the decrease in net sales, Fixed assets turnover ratio and total assets turnover ratio decreased.
5. Return on assets and Return on equity decreased: Due to the decrease in net profit, Return on assets and Return on equity decreased.
6. Decrease in pre-tax net profit to paid-in capital ratio: The pre-tax net profit to paid-in capital ratio decreased due to the decrease in pre-tax net profit.
7. Decrease in profit margin: Due to the decrease in net profit for the current period, the profit margin decreases.
8. Decrease in Cash flow adequacy ratio: Due to the decrease in net cash flow from operating activities, the overall Cash flow adequacy ratio decreased.
9. Decline in Cash flow reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities, the Cash flow reinvestment ratio decreased.
10. Degree of operating leverage increased: Mainly because of the decrease in operating profit, the degree of operating leverage increased.
11. Decrease in Degree of financial leverage: Mainly because of the decrease in operating profit, the Degree of financial leverage decreased.

Note 1: The financial data from 2016-2020 have been audited and attested by a CPA.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be analyzed therewith.

3. Report audited by supervisors (see page 119)
4. Annual financial statements of 2020 (refer to page 120-190)
5. A Parent Company only Financial Statement for the most Recent Fiscal Year, Certified by a CPA: (refer to page 191-273)
6. If the company or its affiliates have experienced financial difficulties during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Bionime Corporation
Supervisors' Review Report

Appropriate

The Board of Directors made the Company's 2020 business report, consolidated financial statements, parent company only financial statements and appropriation of earnings, among which the consolidated financial statements and the parent company only financial statements were certified by the accountants who are KPMG International Cooperative Tzu-Hsin Chang and Jun-Yuan Wu and issued a verification report. The above-mentioned business report, financial statements and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement, and in accordance with Article 220 of the Company Act made a report, please review it.

Supervisor: Tai,Tsung-Kai



Supervisor: Lin,Chien-Hsing



Supervisor: Su,Chin-Pin



Mar 19, 2021

Representation Letter

The entities that are required to be included in the combined financial statements of Bionime Corporation ("the Company") as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 , "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bionime Corporation ("the Company") and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bionime Corporation ("the Company") and Subsidiaries
Chairman: HUANG, CHUN-MU
Date: March 19, 2021

Independent Auditors' Report

To the Board of Directors of Bionime Corporation ("the Company"):

Opinion

We have audited the consolidated financial statements of Bionime Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

The accounting principle of revenue recognition, refer to consolidated financial statements Note 4 (m); The explanation about revenue recognition, refer to consolidated financial statements Note 6 (u).

Description of key audit matters:

The Group's revenue are from sales of blood glucose meter and test strips to domestic and foreign clients such as hospitals, dealers and pharmacies. Most of them are foreign clients. As industry peculiarities, clients in higher latitude countries tend to purchase more and increase their inventory at the end of the year in order to prevent the risk of paralysis of shipment due to frozen water in the winter. As a result, the revenue at the end of the year is higher causing the transactions before and after the balance sheet date to have material impact on financial reporting.

Therefore, testing whether revenue was recognized in the correct period is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included: testing the Group's efficacy on the design and operation of internal controls surrounding revenue, which includes confirming the terms in the sales contract to ensure the revenue is being recorded accurately; selecting the sales transaction before and after the balance sheet date on a sample basis, inspecting the related accounting documents, as well as evaluating whether the revenue is recorded in the appropriated period.

2. Assessment of Inventory

The accounting principle of inventory, refer to consolidated financial statements Note 4 (h) "inventory", the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (a); the explanation of inventory assessment refers to consolidated financial statements Note 6 (e).

Description of key audit matters:

The Group's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included: assessing the Group's allowance amount of inventory according to its characteristics; including conducting sampling to examine accuracy of inventory aging; assessing the Group's inventory decline or rationality of debt ratio; examine accuracy of allowance amount of inventory past for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

3. Trade of Accounting Receivable

The accounting principle of Trade Receivables refers to consolidated financial statements Note 4 (g) "Financial instruments"; Trade receivable of Accounting Assumptions, Judgments and Estimation Uncertainty, refers to consolidated financial statements Note 5 (b); The explanation of trade receivables refer to consolidated financial statements Note 6 (c) "Notes and Trade Receivables, Trade Receivable-related parties".

Description of key audit matters:

The Group's trade receivables are concentrated among certain customers. Allowance evaluation on trade receivables contains management's subjective judgment. Therefore, the assessment on trade receivables is one of the key audit matter.

How the matter was addressed in our audit:

Our principal audit procedure included: analyzing trade receivables aging schedule, collection reports and customers' credit concentration risk, etc., in order to assess whether estimation method and the amount of trade receivables for this period is presented fairly.

4. Development Cost

For accounting principle of intangible asset development cost and explanation of intangible asset, please refer to Notes 4(k) "Intangible Assets" and Notes 6(i) "Intangible Assets", respectively.

Description of key audit matters:

The Group focuses on developing new type of blood glucose meter, wherein it incurred a massive amount of research and development expenses before and during clinical trial stage. This research has reached to a developed stage and now classified as asset. Whether to capitalize development cost relies on the subjective judgement of the Group's management. Therefore, the cost on research and development is one of our key audit matters.

We focus on whether there is bias in the management's judgement on determining the capitalization or expensing of related costs, especially for the feasibility of the technology of the new blood glucose meter, whether it has met the criteria to be capitalized and obtained the approval from authority.

How the matter was addressed in our audit:

Our principle audit procedures included:

1. Understanding whether the management has adequately evaluated the feasibility of the technology of the new blood glucose meter to determine it has met the criteria to be capitalized.
2. Assessing whether the Group's accounting policy for development costs is in accordance with accounting regulations.
3. Obtaining the management's analysis on the schedule of the new type blood glucose meter and verifying whether the developing process has remained in its original schedule.
4. Conducting sampling of research and development cost in the current period by inspecting those supporting documents such as clinic trial contracts, invoice by vender, and payment records, to verify whether its nature, amount and classification of the expenses were appropriate.
5. Assessing whether it is appropriate for the Group's management to capitalize the development costs as asset.

Other Matter

The Company has prepared its parent-company-only-financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
BIONIME CORPORATION ("BIONIME") AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (note 6 (a))	\$ 343,247	8	359,558	8
Notes receivable, net (note 6 (c))	11,554	-	3,383	-
Trade receivable, net (note 6 (c))	397,514	9	649,588	15
Trade receivable-related parties, net (note 6 (c) and 7)	40,321	1	94,130	2
Other receivables (note 6 (d))	5,318	-	4,972	-
Current income tax assets	14,611	-	18,543	-
Inventories (note 6 (e))	520,084	12	395,444	9
Prepayments (note 9(b))	53,528	1	32,700	1
Other current assets (note 6 (j))	15,082	-	14,685	-
Other current financial assets (note 6 (j) and 8)	56,050	1	22,429	1
	1,457,309	32	1,595,432	36
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6 (b))	36,100	1	36,100	1
Property, plant and equipment (note 6 (g) and 8)	2,620,183	58	2,669,672	61
Right-of-use assets (note 6 (h))	10,357	-	6,612	-
Intangible assets (note 6 (i))	205,774	5	49,503	1
Deferred tax assets (note 6 (q))	28,339	1	2,899	-
Prepayments for business facilities	67,110	2	39,066	1
Guarantee deposits paid	5,270	-	4,518	-
Defined benefit assets, net (note 6 (p))	452	-	-	-
Other non-current assets (note 6 (j) and 9(b))	54,158	1	438	-
	3,027,743	68	2,808,808	64
Total assets	\$ 4,485,052	100	4,404,240	100
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (note 6 (l) and 8)	\$ 483,349	11	465,799	11
Short-term notes and bills payable (note 6 (k))	39,950	1	199,775	5
Notes payable	849	-	-	-
Trade payable	146,316	3	149,036	3
Other payable	210,634	6	277,404	6
Other payables to related parties(note 7)	12,739	-	29,694	1
Payable on machinery and equipment	12,894	-	16,793	-
Current income tax liabilities	4,758	-	28,009	-
Current lease liabilities (note 6(o))	5,272	-	2,470	-
Other current liabilities (note 6 (m) and 7)	19,451	-	11,319	-
Long-term borrowings, current portion (note 6 (n) and 8)	304,833	7	200,667	5
	1,241,045	28	1,380,966	31
Non-Current liabilities:				
Long-term borrowings (note 6 (n) and 8)	1,167,292	26	972,125	22
Deferred tax liabilities (note 6 (q))	218	-	96	-
Non-current lease liabilities (note 6 (o))	5,321	-	4,193	-
Defined benefit liabilities, net	-	-	15	-
Guarantee deposit received	393	-	-	-
	1,173,224	26	976,429	22
Total liabilities	2,414,269	54	2,357,395	53
Equity attributable to owners of parent:(note 6 (r))				
Ordinary share	617,558	14	596,698	14
Advance receipts for share capital	9,702	-	41,308	1
Capital surplus	1,402,306	31	1,337,126	30
Retained earnings	189,752	4	216,593	5
Other equity	(15,550)	-	(11,007)	-
Treasury shares	(138,141)	(3)	(138,141)	(3)
Total equity attributable to owners of parent:	2,065,627	46	2,042,577	47
Non-controlling interests	5,156	-	4,268	-
Total equity	2,070,783	46	2,046,845	47
Total liabilities and equity	\$ 4,485,052	100	4,404,240	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
BIONIME CORPORATION (THE COMPANY") AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , except for earnings per share)

	2020		2019	
	Amount	%	Amount	%
Net operating revenues (note 6 (u) and 7)	\$ 1,668,586	100	2,172,923	100
Operating costs (note 6 (e), (p) and (v))	919,461	55	1,224,505	56
Gross profit from operations	749,125	45	948,418	44
Operating expenses (note 6 (c), (p),(s), (v) and 7))				
Selling expenses	235,804	14	276,539	13
Administrative expenses	221,041	13	250,311	12
Research and development expenses	247,875	15	255,121	12
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	23,284	2	10,176	-
	728,004	44	792,147	37
Net operating income	21,121	1	156,271	7
Non-operating income and expenses (note 6 (w)) :				
Interest income	1,315	-	1,738	-
Other income	25,847	2	13,272	-
Other gains and losses	4,380	-	(4,923)	-
Finance costs	(21,552)	(1)	(31,791)	(1)
	9,990	1	(21,704)	(1)
Profit before income tax	31,111	2	134,567	6
Less: Income tax expenses (note 6 (q))	(32,409)	(2)	27,856	1
Profit	63,520	4	106,711	5
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
Losses on remeasurements of defined benefit plans	316	-	(282)	-
	316	-	(282)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(4,741)	-	(5,546)	-
Less : Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(note 6 (q))	-	-	-	-
	(4,741)	-	(5,546)	-
Other comprehensive income (after tax)	(4,425)	-	(5,828)	-
Comprehensive income	\$ 59,095	4	100,883	5
Profit (loss), attributable to:				
Owners of parent	\$ 62,434	4	106,258	5
Non-controlling interests	1,086	-	453	-
Profit	\$ 63,520	4	106,711	5
Comprehensive income (loss) attributable to:				
Owners of parent	\$ 58,207	4	100,469	5
Non-controlling interests	888	-	414	-
Comprehensive income	\$ 59,095	4	100,883	5
Earnings per share (NT dollars) (note 6 (t))				
Basic earnings per share	\$ 1.06		1.85	
Diluted earnings per share	\$ 1.03		1.81	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
BIONIME CORPORATION ("BIONIME") AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings					Total equity				
	Ordinary shares	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owner of parent	Non-controlling interests
Balance on January 1, 2019												
	-	-	594,468	1,314,899	96,390	1,383	127,738	225,511	(5,500)	(138,141)	1,991,237	1,871
	-	-	-	-	-	-	106,258	106,258	-	-	106,258	453
	-	-	-	-	-	-	(282)	(282)	(5,507)	-	(5,789)	(39)
	-	-	-	-	-	-	105,976	105,976	(5,507)	-	100,469	414
	-	-	-	-	12,773	-	(12,773)	-	-	-	-	-
	-	-	-	-	12,773	-	(114,894)	(102,121)	-	-	(102,121)	-
	-	-	-	13,697	-	-	-	-	-	-	13,697	-
	2,230	-	2,230	8,515	-	-	-	-	-	-	10,745	-
	-	-	-	15	-	-	-	-	-	-	15	-
	-	41,308	41,308	-	-	-	-	-	-	-	41,308	-
	-	-	-	-	-	-	-	-	-	-	1,983	1,983
	596,698	41,308	638,006	1,337,126	121,936	1,383	106,047	229,366	(11,007)	(138,141)	2,055,350	4,268
	596,698	41,308	638,006	1,337,126	109,163	1,383	106,047	229,366	(11,007)	(138,141)	2,042,577	4,268
	-	-	-	-	-	-	62,434	62,434	-	-	62,434	1,086
	-	-	-	-	-	-	316	316	(4,543)	-	(4,227)	(198)
	-	-	-	-	-	-	62,750	62,750	(4,543)	-	58,207	888
	-	-	-	-	10,626	-	(10,626)	-	-	-	-	-
	-	-	-	-	-	5,579	(5,579)	-	-	-	-	-
	-	-	-	-	-	-	(89,591)	(89,591)	-	-	(89,591)	-
	-	-	-	15,535	-	-	-	-	-	-	15,535	-
	20,860	(41,308)	(20,448)	78,718	-	-	-	-	-	-	58,270	-
	-	9,702	9,702	-	-	-	-	-	-	-	9,702	-
	-	-	-	(29,073)	-	-	-	-	-	-	(29,073)	-
	\$ 617,558	19,404	636,962	1,373,233	119,789	6,962	63,001	202,525	(15,550)	(138,141)	2,046,256	5,156
	Balance on December 31, 2020											
Balance on January 1, 2020												
	Profit for the year ended December 31, 2020											
	Other comprehensive income for the year ended December 31, 2020											
Balance on December 31, 2020												
Comprehensive income for the year ended December 31, 2020												
Appropriation and distribution of retained earnings:												
	Legal reserve											
	Special reserve											
	Cash dividends on ordinary shares											
	Employee stock options compensation costs											
	Employee stock options exercised											
	Advance receipts for share capital											
	Cash dividends of capital surplus											
	\$ 617,558	19,404	636,962	1,373,233	119,789	6,962	63,001	202,525	(15,550)	(138,141)	2,046,256	5,156
	Balance on December 31, 2020											

Balance on January 1, 2019

Profit for the year ended December 31, 2019
Other comprehensive income for the year ended December 31, 2019

Comprehensive income for the year ended December 31, 2019
Appropriation and distribution of retained earnings:

Legal reserve
Cash dividends on ordinary share
Employee stock options compensation costs
Employee stock options exercised
From share of changes in equity of subsidiaries
Advance receipts for share capital
Changes in non-controlling interests

Balance on December 31, 2019

Balance on January 1, 2020

Profit for the year ended December 31, 2020
Other comprehensive income for the year ended December 31, 2020

Comprehensive income for the year ended December 31, 2020
Appropriation and distribution of retained earnings:

Legal reserve
Special reserve
Cash dividends on ordinary shares
Employee stock options compensation costs
Employee stock options exercised
Advance receipts for share capital
Cash dividends of capital surplus

Balance on December 31, 2020

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 31,111	134,567
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	152,551	154,664
Amortization expense	10,931	9,821
Expected credit loss (gain)	23,284	10,176
Interest expense	21,552	31,791
Interest revenue	(1,315)	(1,738)
Share-based payments transactions	15,535	13,697
Loss from disposal of property, plant and equipment	24	-
Property, plant and equipment transferred to expenses	-	3,419
Gain on disposal of investments	-	(8)
Gain on lease modification	(12)	-
Others	(189)	-
Total adjustments to reconcile profit	222,361	221,822
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	(8,171)	4,558
Trade receivable, net	228,825	(26,566)
Trade receivable due from related parties	53,809	89,738
Other receivables	(143)	8,549
Inventories	(125,183)	16,064
Other operating assets	(75,081)	(19,377)
	74,056	72,966
Changes in operating liabilities:		
Notes payable	849	(14)
Trade payable	(2,720)	(13,792)
Other payable	(66,617)	11,464
Other payable due from related parties	(16,955)	10,400
Other operating liabilities	8,117	4,181
	(77,326)	12,239
Total changes in operating assets and liabilities	(3,270)	85,205
Total adjustments	219,091	307,027
Cash inflow generated from operations	250,202	441,594
Interest received	1,112	1,847
Interest paid	(21,530)	(33,016)
Income taxes paid	(12,228)	(4,869)
Net cash flows from (used in) operating activities	217,556	405,556
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,000)
Acquisition of property, plant and equipment	(76,780)	(45,554)
Increase in refundable deposits	(752)	(1,177)
Acquisition of intangible assets	(167,120)	(49,577)
Increase in prepayments for business facilities	(52,495)	(42,941)
(Decrease) Increase in other financial assets	(33,621)	16,159
Net cash flows from (used in) investing activities	(330,768)	(129,090)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,118,616	1,865,431
Decrease in short-term borrowings	(2,106,415)	(2,051,635)
Decrease in short-term notes and bills payable	(160,000)	(59,973)
Proceeds from long-term borrowings	700,000	50,000
Repayments of long-term borrowings	(400,667)	(76,764)
Cash dividends paid	(118,664)	(114,894)
Decrease in guarantee deposits received	393	-
Payment of lease liabilities	(4,901)	(4,238)
Proceeds from exercise of employee share options	67,972	52,053
Contribution by non-controlling interests	-	1,998
Net cash flows from (used in) financing activities	96,334	(338,022)
Effect of exchange rate changes on cash and cash equivalents	567	(12,517)
Net decrease in cash and cash equivalents	(16,311)	(74,073)
Cash and cash equivalents at beginning of period	359,558	433,631
Cash and cash equivalents at end of period	\$ 343,247	359,558

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Bionime Corporation (the “Company”) was incorporated in April 14, 2003 as a Company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in December 2010. The address of the Company registered office is No.100, Sec. 2, Daqing St., South Dist., Taichung City, Taiwan. The Group primarily is involved in the manufacturing and selling medical instruments, providing biotechnology services, examining pharmaceuticals, and selling precision instruments.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 19, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The details of impact on the Group’s adoption of the new amendments beginning January 1, 2020 are as follows:

- (i) Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4 (j).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was \$189 thousand.

- (ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group’s consolidated financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value.
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group is determined based on the primary economic environment in which the entities operates. The consolidated financial statements are presented in New Taiwan Dollars(NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Investor	Subsidiary	Primary Business	Primary business	
			December 31, 2020	December 31, 2019
The Company	Bionime Incorporated (B.V.I.)	Investing and holding	100%	100%
	Bionime GmbH	Merchandise trading	100%	100%
	" Bionime USA Corporation	Merchandise trading	100%	100%
	" Bionime Australial Pty Limited	Merchandise trading	100%	100%
	" Bionime (Malaysia) Sdn Bnd	Merchandise trading	66.06%	66.06%
Bionime Incorporated (B.V.I.)	Bionime (Shenzhen) Limited Company	Merchandise trading	100%	100%
Bionime(Shenzhen) Limited Company	Huanuang Biological Technology (Pingtan) Limited Company	Manufacturing	100%	100%

(iii) Subsidiaries excluded from the consolidation financial statements: None.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only a part of its investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – financial assets; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group' s right to receive payment is established.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures its loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to fully pay its credit obligations to the Group in full.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor' s, Baa3 or higher per Moody' s or twA or higher per Taiwan Ratings' .

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 1 year past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or extinguished assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes the expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an items of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) buildings and structures:5~50 years
- 2) machinery and equipment:2~8 years
- 3) molding equipment:2~3 years
- 4) transportation equipment:5 years
- 5) leasehold improvements:2~8 years
- 6) office and other equipment:3~5 years

Buildings and structures constitutes mainly of building, wastewater treatment plant, and others. Each such part depreciates based on its useful life of 50 years, 30 years, and 5 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset of use only if either:
 - 1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception of a contract or reevaluate whether a contract contains a lease, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the offices and other sporadic leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|-----------------------|-----------|
| 1) Computer software: | 1~5 years |
| 2) Development Cost: | 4 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit (CGU)s.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells blood glucose meter and test strips to pharmacies and hospitals. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or those recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds and employee stock options.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and reflects the impact of COVID-19 is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6 (e) for further description of the valuation of inventories.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The change of economic and industry environment may cause a material adjustment to allowance of trade receivable. The relevant assumptions and input values, please refer to note 6(c).

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Petty cash and cash on hand	\$ 1,791	673
Demand deposits	341,456	345,988
Time deposits	<u>-</u>	<u>12,897</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 343,247</u>	<u>359,558</u>

Please refer to Note 6 (x) for the exchange rate risk, interest rate risk, sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets

Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Domestic unlisted common share- Bonraybio Co., Ltd.	<u>\$ 36,100</u>	<u>36,100</u>

On January 1, 2020 and 2019, the Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of December 31, 2020 and 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6(x)

As of December 31, 2020 and 2019, none of the financial assets of the Group had been pledged as collateral for borrowings.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Note and trade receivables

	December 31, 2020	December 31, 2019
Note receivables from operating activities	<u>\$ 11,554</u>	<u>3,383</u>
Trade receivables-measured as amortized cost	434,071	662,956
Trade receivables from related parties-measured as amortized cost	40,321	94,130
Less : Loss allowance	<u>(36,557)</u>	<u>(13,368)</u>
	<u>\$ 437,835</u>	<u>743,718</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

December 31, 2020			
	Gross carrying amount	Weighted-averag e loss rate	Loss allowance provision
Current	\$ 434,353	- %	-
1 to 90 days past due	19,039	32.35%	6,159
91 to 180 days past due	7,875	72.62%	5,719
More than 181 days past due	24,679	100%	24,679
	<u>\$ 485,946</u>		<u>36,557</u>

December 31, 2019			
	Gross carrying amount	Weighted-averag e loss rate	Loss allowance provision
Current	\$ 607,307	- %	-
1 to 90 days past due	133,698	0.40%	533
91 to 180 days past due	15,876	58.25%	9,247
More than 180 days past due	3,588	100%	3,588
	<u>\$ 760,469</u>		<u>13,368</u>

The movement in the allowance for notes and trade receivables were as follows:

	For the years ended December 31, 2020	2019
Balance at January 1	\$ 13,368	3,293
Impairment losses recognized	23,284	10,176
Amounts written off	(61)	(88)
Effect of movements exchange rates	(34)	(13)
Balance at December 31	<u>\$ 36,557</u>	<u>13,368</u>

None of the receivables was discounted or pledged as collateral as of December 31, 2020 and 2019.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	<u>\$ 5,318</u>	<u>4,972</u>

For further credit risk information, please refer to note 6 (x).

(e) Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 125,419	43,130
Less: Allowance for inventory valuation losses	<u>(14,475)</u>	<u>(5,580)</u>
	110,944	37,550
Work in progress	320,095	263,713
Less: Allowance for inventory valuation losses	<u>(14,173)</u>	<u>(7,569)</u>
	305,922	256,144
Raw materials	117,864	110,793
Less: Allowance for inventory valuation losses	<u>(14,646)</u>	<u>(9,043)</u>
	103,218	101,750
	<u>\$ 520,084</u>	<u>395,444</u>

The detail of inventory write-downs was as follows:

	For the years ended December 31, 2020	2019
Provisions (reversal of provision) for inventory valuation and obsolescence	\$ 21,106	(4,923)
Losses on disposal of scrap	6,959	12,123
Gains on physical inventory	(194)	(364)
Gains on disposal of leftover bits and pieces	<u>(3,688)</u>	<u>(4,927)</u>
Operating costs recognized	<u>\$ 24,183</u>	<u>1,909</u>

The Group measures its inventories at net realizable value. The amount of fair wear and tear, obsolescence, without active market for inventories was evaluated on reporting date and written down to lower of cost or net realizable value.

As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Changes in a parent's ownership interest in a subsidiary

Recognized new shares issued by subsidiary not by shareholding ratio:

On July 25, 2019, the Group acquired an additional interest in subsidiary – Bionime (Malaysia) for \$2,498 in trade receivables and the group's ownership has decreased from 72% to 66.06% due to non-proportional recognition of the 613,500 shares issued by the subsidiary-Bionime (Malaysia).

The effects of the changes in shareholdings were as follows:

	2019
Carrying amount of non-controlling interest on acquisition	\$ 2,521
Consideration paid to non-controlling interests	(2,498)
Other equity	(8)
Capital surplus - the variation of ownership of subsidiary	<u>\$ 15</u>

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Cost or deemed cost:								
Balance on January 1, 2020	\$ 1,420,840	874,919	751,886	156,368	1,588	17,797	510,709	3,734,107
Additions	-	3,866	50,349	3,334	-	-	15,332	72,881
Disposal	-	-	(9,352)	(3,299)	-	-	(2,832)	(15,483)
Reclassification	-	-	22,675	1,694	-	-	543	24,912
Effect of movements in exchange rates	-	36	(98)	(322)	-	(35)	(53)	(472)
Balance on December 31, 2020	<u>\$ 1,420,840</u>	<u>878,821</u>	<u>815,460</u>	<u>157,775</u>	<u>1,588</u>	<u>17,762</u>	<u>523,699</u>	<u>3,815,945</u>
Balance on January 1, 2019	\$ 1,420,840	869,376	645,383	145,284	1,588	17,190	509,186	3,608,847
Additions	-	9,597	23,231	8,114	-	-	6,841	47,783
Disposal	-	-	(210)	-	-	-	(4,312)	(4,522)
Reclassification	-	(3,730)	83,633	3,100	-	610	(799)	82,814
Effect of movements in exchange rates	-	(324)	(151)	(130)	-	(3)	(207)	(815)
Balance on December 31, 2019	<u>\$ 1,420,840</u>	<u>874,919</u>	<u>751,886</u>	<u>156,368</u>	<u>1,588</u>	<u>17,797</u>	<u>510,709</u>	<u>3,734,107</u>
Depreciation and impairment loss :								
Balance on January 1, 2020	\$ -	124,399	539,690	129,570	1,132	15,071	254,573	1,064,435
Depreciation for the year	-	23,374	66,705	17,701	144	1,624	37,705	147,253
Disposals	-	-	(9,352)	(3,299)	-	-	(2,808)	(15,459)
Effect of movements in exchange rates	-	7	(93)	(322)	-	(11)	(48)	(467)
Balance on December 31, 2020	<u>\$ -</u>	<u>147,780</u>	<u>596,950</u>	<u>143,650</u>	<u>1,276</u>	<u>16,684</u>	<u>289,422</u>	<u>1,195,762</u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Balance on January 1, 2019	\$ -	102,496	469,118	109,081	988	13,443	224,055	919,181
Depreciation for the year	-	22,256	69,641	20,617	144	1,565	36,150	150,373
Disposal	-	(622)	(210)	-	-	-	(4,312)	(5,144)
Reclassification	-	311	1,214	-	-	66	(1,160)	431
Effect of movements in exchange rates	-	(42)	(73)	(128)	-	(3)	(160)	(406)
Balance on December 31, 2019	<u>\$ -</u>	<u>124,399</u>	<u>539,690</u>	<u>129,570</u>	<u>1,132</u>	<u>15,071</u>	<u>254,573</u>	<u>1,064,435</u>
Carrying amounts:								
Balance on December 31, 2020	<u>\$ 1,420,840</u>	<u>731,041</u>	<u>218,510</u>	<u>14,125</u>	<u>312</u>	<u>1,078</u>	<u>234,277</u>	<u>2,620,183</u>
Balance on December 31, 2019	<u>\$ 1,420,840</u>	<u>750,520</u>	<u>212,196</u>	<u>26,798</u>	<u>456</u>	<u>2,726</u>	<u>256,136</u>	<u>2,669,672</u>
Balance on January 1, 2019	<u>\$ 1,420,840</u>	<u>766,880</u>	<u>176,265</u>	<u>36,203</u>	<u>600</u>	<u>3,747</u>	<u>285,131</u>	<u>2,689,666</u>

(i) Disclosures on pledges

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to Note 8.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2020 and 2019, capitalized borrowing costs related to the construction of the new plant amounted to \$816 and \$1,150, with a capitalization rate of 1.82% to 1.793% and 1.585% ~2.149% respectively.

(h) Right-of-use assets

The Group leases many assets including buildings, vehicles, and machinery and equipment. Information about leases for which the Group as a lessee was presented below:

	Buildings	Transportation Equipment	Machinery and equipment	Total
Costs:				
Balance at January 1, 2020	\$ 9,529	207	1,048	10,784
Additions	9,061	268	-	9,329
Disposal	(2,775)	-	-	(2,775)
Effects of retrospective application	(443)	-	-	(443)
Balance at December 31, 2020	<u>\$ 15,372</u>	<u>475</u>	<u>1,048</u>	<u>16,895</u>
Balance at January 1, 2019	\$ 6,824	207	-	7,031
Additions	2,934	-	1,048	3,982
Effects of retrospective application	(229)	-	-	(229)
Balance at December 31, 2019	<u>\$ 9,529</u>	<u>207</u>	<u>1,048</u>	<u>10,784</u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Buildings	Transportation Equipment	Machinery and equipment	Total
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	\$ 3,860	155	157	4,172
Depreciation for the year	4,948	141	209	5,298
Disposal	(2,775)	-	-	(2,775)
Effects of retrospective application	(157)	-	-	(157)
Balance at December 31, 2020	<u>\$ 5,876</u>	<u>296</u>	<u>366</u>	<u>6,538</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	3,979	155	157	4,291
Effects of retrospective application	(119)	-	-	(119)
Balance at December 31, 2019	<u>\$ 3,860</u>	<u>155</u>	<u>157</u>	<u>4,172</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 9,496</u>	<u>179</u>	<u>682</u>	<u>10,357</u>
Balance at December 31, 2019	<u>\$ 5,669</u>	<u>52</u>	<u>891</u>	<u>6,612</u>
Balance at January 1, 2019	<u>\$ 6,824</u>	<u>207</u>	<u>-</u>	<u>7,031</u>

(i) Intangible Assets

	Computer software	Development cost	Total
Costs:			
Balance at January 1, 2020	\$ 23,590	35,218	58,808
Additions	10,934	-	10,934
Acquisition-internally developed	-	156,186	156,186
Reclassification	82	-	82
Disposal	(5,867)	-	(5,867)
Effect of movements in exchange rates	3	-	3
Balance on December 31, 2020	<u>\$ 28,742</u>	<u>191,404</u>	<u>220,146</u>
Balance on January 1, 2019	\$ 31,906	-	31,906
Additions	14,359	-	14,359
Acquisition-internally developed	-	35,218	35,218
Reclassification	1,206	-	1,206
Disposal	(23,865)	-	(23,865)
Effects of movements in exchange rates	(16)	-	(16)
Balance at December 31, 2019	<u>23,590</u>	<u>35,218</u>	<u>58,808</u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Computer software	Development cost	Total
Amortization and Impairment Loss:			
Balance at January 1, 2020	\$ 9,305	-	9,305
Amortization for the year	10,931	-	10,931
Disposal	(5,867)	-	(5,867)
Effects of movements in exchange rates	3	-	3
Balance at December 31, 2020	\$ 14,372	-	14,372
Balance at January 1, 2019	\$ 23,356	-	23,356
Amortization for the year	9,821	-	9,821
Disposal	(23,865)	-	(23,865)
Effects of movements in exchange rates	(7)	-	(7)
Balance at December 31, 2019	\$ 9,305	-	9,305
Carrying amounts:			
Balance on December 31, 2020	\$ 14,370	191,404	205,774
Balance on December 31, 2019	\$ 14,285	35,218	49,503
Balance on January 1, 2019	\$ 8,550	-	8,550

The Group is dedicated to developing the new product, Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria to capitalize, and therefore capitalized relevant development cost and amortized in 4 years after the capitalized period ended. For the year ended December 31, 2020, the Group capitalized \$191,404 thousand.

(i) Amortization

The amortization of intangible assets are included in the statement of comprehensive income:

	2020	2019
Operating costs	\$ 563	182
Operating expenses	\$ 10,368	9,639

(ii) Disclosures on pledges

As of December 31, 2020 and 2019, none of the intangible assets of the Group had been pledged as collateral.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(j) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2020	December 31, 2019
Other financial assets		
Other current financial assets	<u>\$ 56,050</u>	<u>22,429</u>
Other current assets		
Overpaid sales tax	\$ 8,334	8,470
Temporary payments	5,737	5,463
Others	1,011	752
	<u>\$ 15,082</u>	<u>14,685</u>
Other non-current assets		
Other non-current assets-other	<u>\$ 54,158</u>	<u>438</u>

(i) Other financial assets-current are the time deposits which are over three months of original expiry date. For the collateral pledged status, please refer to note 8.

(ii) For further credit risk information, please refer to note 6(x).

(iii) Other non-current assets-other mainly consist of prepayment of royalties to GE company, for further contract details please refer to note 9(b).

(k) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

December 31, 2020			
	Guarantee or acceptance institution	Range of interest rate (%)	Amounts
Commercial paper payable	Unsecured commercial paper	1.13%	\$ 40,000
Less: Discount on short-term notes and bills payable			<u>(50)</u>
Total			<u>\$ 39,950</u>

December 31, 2019			
	Guarantee or acceptance institution	Range of interest rate (%)	Amounts
Commercial paper payable	Unsecured commercial paper	1.15% ~1.18%	\$ 200,000
Less: Discount on short-term notes and bills payable			<u>(225)</u>
Total			<u>\$ 199,775</u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 383,349	175,275
Secured bank loans	100,000	290,524
	\$ 483,349	465,799
Unused credit line	\$ 1,057,151	884,201
Range of Interest rates	<u>0.6086%~2.8938%</u>	<u>0.6716%~3.9642%</u>

For the collateral pledged for short-term borrowings, please refer to note 8.

(m) Other current liabilities

The other current liabilities were as follows:

	December 31, 2020	December 31, 2019
Contract liability	\$ 15,006	1,228
Temporary receipts	323	9,208
Others	4,122	883
	\$ 19,451	11,319

(n) Long-term borrowings

The details were as follows:

December 31, 2020				
	Currency	Interest rates	Maturity year	Amount
Secured bank loans	TWD	1.00%	2023~2030	\$ 1,422,125
Unsecured bank loans	TWD	1.20%	2021	50,000
Less: current portion				(304,833)
Total				\$ 1,167,292
Unused credit line				\$ -

December 31, 2019				
	Currency	Interest rates	Maturity year	Amount
Secured bank loans	TWD	1.25%	2023~2030	\$ 1,122,792
Unsecured bank loans	TWD	1.20%	2021	50,000
Less: current portion				(200,667)
Total				\$ 972,125
Unused credit line				\$ -

Property, plant and equipment are pledged as collateral for long-term borrowings, please refer to note 8.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(o) Lease liabilities

The lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	<u>\$ 5,272</u>	<u>2,470</u>
Non-current	<u>\$ 5,321</u>	<u>4,193</u>

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss was as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest on lease liabilities	<u>\$ 427</u>	<u>284</u>
Expenses relating to short-term leases	<u>\$ 10,868</u>	<u>4,906</u>
COVID-19 related rent concessions (recognized as deduction of rent expenses)	<u>\$ 189</u>	<u>-</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Total cash outflow for leases	<u>\$ 16,196</u>	<u>14,428</u>

(i) Real estate leases

The Group leases land and buildings for its office space and warehouses, The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group have some trivial leases with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(p) Employee Benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ 3,919	4,090
Fair value of plan assets	(4,371)	(4,075)
Net defined benefit liabilities (assets)	<u>\$ (452)</u>	<u>15</u>

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Short-term vacation liability	<u>\$ 7,848</u>	<u>9,371</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$4,371 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations of the Group were as follows:

	2020	2019
Defined benefit obligation at January 1	\$ 4,090	3,628
Current service costs and interest cost	45	49
Remeasurements loss (gain):		
Actuarial loss (gain) arising from:		
— financial assumptions	(216)	413
Defined benefit obligation at December 31	<u>\$ 3,919</u>	<u>4,090</u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets of the Group were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 4,075	3,640
Interest income	46	50
Contributions paid by the employer	150	254
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	100	131
Fair value of plan assets at December 31	<u><u>\$ 4,371</u></u>	<u><u>4,075</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2020</u>	<u>2019</u>
Net interest of net liabilities for the defined benefit obligations	<u><u>\$ (1)</u></u>	<u><u>-</u></u>
Administration expenses	<u><u>\$ (1)</u></u>	<u><u>-</u></u>

5) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.90%	1.10%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$150.

The weighted average lifetime of the defined benefit plans is 21.7 years.

6) Sensitivity analysis

As of December 31, 2020 and 2019, the impact on the present value of the defined benefit obligation, due to the change in actuarial assumption, was as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2020		
Discount rate	\$ (201)	214
Future salary increases rate	909	(739)

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Influences of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	\$ (202)	214
Future salary increases rate	915	(740)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined benefit plans

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of \$2,061 and \$945 for the years ended December 31, 2020 and 2019 respectively were transferred to intangible assets as they were eligible for capitalization, please refer to note 6(i), and the remaining pension costs are \$21,035 and \$18,891 separately.

Other subsidiaries established their retirement plans in accordance with each local regulation. The Group recognized the pension costs of \$4,278 and \$6,020 in 2020 and 2019, respectively.

(q) Income Taxes

(i) Income Tax Expense

The components of income tax in the years 2020 and 2019 were as follows:

	2020	2019
Current income tax expense		
Current period	\$ 811	23,195
Adjustment for prior periods	(7,911)	3,450
5% surtax on un-distributed earnings	9	4
	<u>(7,091)</u>	<u>26,649</u>
Deferred tax expense(gain)		
Origination and reversal of temporary differences	\$ <u>(25,318)</u>	<u>1,207</u>
Income tax expense	<u>\$ 32,409</u>	<u>27,856</u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The amount of income tax recognized in other comprehensive income for years 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation	\$ -	-

Reconciliation of income tax and profit before tax for 2020 and 2019, is as follows.

	<u>2020</u>	<u>2019</u>
Profit excluding income tax	\$ 31,111	134,567
Income tax using the Company's domestic tax rate	\$ 6,222	26,913
Effect of tax rates in foreign jurisdiction	(4,404)	1,879
Non-deductible expenses	26	7
Book-tax income differences of the revenue and expense	(31,543)	(53)
Tax-exempt income	-	(1,783)
Recognition of previously unrecognized tax losses	(2,877)	(3,070)
Changes in unrecognized temporary differences	8,069	509
Prior years income tax adjustment	(7,911)	3,450
5% surtax on undistributed earnings	9	4
	<u>\$ (32,409)</u>	<u>27,856</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tax effect of deductible temporary differences	\$ 12,114	4,045
The carry-forward of unused tax losses	56,786	58,829
	<u>\$ 68,900</u>	<u>62,874</u>

As the profitability of its subsidiaries is yet to stabilize, the tax losses is not recognized as deferred tax assets since it is not probable that it will be realized.

As of December 31 2020, the information of the subsidiaries unused tax losses, for which no deferred tax assets were recognized, are as follows:

<u>Subsidiaries</u>	<u>Year of loss</u>	<u>Unused tax loss</u>
Bionime USA Corporation	2010	\$ 10,433
Bionime USA Corporation	2011	71,282
Bionime USA Corporation	2012	140,649
Bionime USA Corporation	2013	39,788
Bionime USA Corporation	2014	8,259
		<u>\$ 270,411</u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at December 31, 2020 and 2019. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregated amount of temporary differences related to investments in subsidiaries	\$ 270,923	293,624
Unrecognized deferred tax assets	\$ 54,185	58,725
2) Unrecognized deferred tax liabilities		

The consolidated entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as at December 31, 2020 and 2019. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 27,902	11,817
Unrecognized deferred tax liabilities	\$ 5,580	2,363
3) Recognized deferred tax assets and liabilities		

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019, were as follows:

Deferred Tax Assets:

	Unrealized loss on inventory obsolescence	Unrealized foreign exchange loss	Unrealized inter-company profits resulting from sales to affiliated companies	Operating loss carry forward	Total
Balance at January 1, 2020	\$ 2,023	274	602	-	2,899
Recognized in profit or loss	1,868	(274)	3,264	20,582	25,440
Balance at December 31, 2020	\$ 3,891	-	3,866	20,582	28,339
Balance at January 1, 2019	\$ 2,580	-	1,790	-	4,370
Recognized in profit or loss	(557)	274	(1,188)	-	(1,471)
Balance at December 31, 2019	\$ 2,023	274	602	-	2,899

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred Tax Liabilities:

	Unrealized foreign exchange gain	Others	Total
Balance at January 1, 2020	\$ -	96	96
Recognized in profit or loss	36	86	122
Balance at December 31, 2020	\$ 36	182	218
Balance at January 1, 2019	\$ 315	45	360
Recognized in profit or loss	(315)	51	(264)
Balance at December 31, 2019	\$ -	96	96

(iii) Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the Tax Authority.

(r) Capital and Other Equity

As of December 31 2020 and 2019, the numbers of authorized ordinary shares were 100,000 thousand shares (2019 : 70,000 thousand shares), with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$1,000,000 (2019: \$700,000) (and of which \$60,000 was reserved for the exercising of employee share options for each year). As of the date, 61,756 (2019: 59,670) of ordinary thousand shares amounted to \$617,558 (2019: \$596,698) were issued.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(in thousands of shares)

	Ordinary Shares	
	2020	2019
Balance on January 1	\$ 59,670	59,447
Exercise of share options	2,086	223
Balance on December 31	\$ 61,756	59,670

(i) Ordinary shares

The Group issued 836,000, 338,000, 191,000 and 62,500 new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$47.7, \$49.4, \$46.4 and \$48.0 per share, with the carrying values of \$39,877, \$16,229, \$8,865 and \$3,000, respectively, in 2020.

Among the shares exercised, 804,000 shares and 182,000 shares had the exercise prices of \$47.7 and \$49.4, respectively, which were registered on May 18, 2020. In addition, 190,000 shares and 44,000 shares had the exercise prices of \$46.4 and \$48.0, which were registered on October 19, 2020. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$9,702 thousand from the remaining 207,500 unregistered shares had been collected for the year ended December 31, 2020. The Group had received the approval from the Financial Supervisory Commission for the above capital increase, with the base date set on March 9, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group issued 35,000, 19,000, 169,000 and 866,000 new shares for its employee stock options, with a par value of \$10 per share. The shares were exercised at \$49.7, \$49.7, \$47.7 and \$47.7 per share, with the carrying values of \$1,740, \$944, \$8,061 and \$41,308, respectively, in 2019.

Among the shares exercised, 35,000, 19,000 and 169,000 shares were registered on June 20, June 30 and November 11, 2019, respectively. The payment for all of the above shares have been received as of the reporting date. The amount of \$41,308 thousand from the remaining 866,000 unregistered shares had been collected \$41,308 for the year ended December 31, 2019. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Share capital	\$ 1,260,743	1,211,097
Employee share options	48,865	37,654
Expired options	92,683	88,360
The variation of ownership recognized in the subsidiary	15	15
	\$ 1,402,306	1,337,126

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase by transferring capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

The company has determined to distribute \$29,073 thousand as cash dividends out of APIC (Additional Paid-In Capital) on June 30, 2020 with approval subjected to the stockholders' meeting.

(iii) Retained Earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend cannot be less than 5% of the total dividends distributed.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

During the earnings of distribution, the amount to be reclassified as a special reserve (which does not qualify for earnings distribution) should be equal to the total net current-period reduction of other shareholders' equity in accordance with the regulation of Taiwan Stock Exchange Authority. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balance of the special reserve amounted to \$6,962 thousand and \$1,383 thousand for the years ended December 31, 2020 and 2019, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on March 13, 2021 and March 31, 2019.

	2019		2018	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.51	<u>89,591</u>	2.00	<u>114,894</u>

The amounts of cash dividends on the appropriations of earnings for 2020 had been approved during the board meeting and shareholders' meeting on March 19, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2020	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
	\$ 0.83	<u>51,578</u>

(iii) Treasury shares

As of December 31, 2020, a total of 2,000 thousand shares of the Company have not yet been cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of June 30, 2017, the Company could repurchase no more than 6,345 shares, with a total value of no more than \$1,773,235.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

(iv) Other equity interests (net-of-taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2020	\$ (11,007)
Exchange differences on foreign operations	(4,543)
Balance at December 31, 2020	<u>\$ (15,550)</u>
	Exchange differences on translation of foreign financial statements
Balance at January 1, 2019	\$ (5,500)
Exchange differences on foreign operations	(5,507)
Balance at December 31, 2019	<u>\$ (11,007)</u>

(s) Share-Based Payment

(i) Employee stock options

As of December 31, 2020, details of the Employee Stock Option Plans ("ESOP") issued by the Company were as follows:

	2017 ESOP	2018 ESOP	2019 ESOP
Grant date	2017.1.13	2018.1.2	2019.11.5
Units issued	3,000,000	1,000,000	2,930,000
Term of grant	2017.1.13~2019.1.12	2018.1.2~2020.1.1	2019.11.5~2024.11.4
Grant object	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries
Vesting conditions	Services of the next two years	Services of the next two years	Services of the next two years

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Determining the fair value of equity instruments granted

The Group used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2020		
	2017 ESOP	2018 ESOP	2019 ESOP
Fair value at grant date	\$16.07~\$17.35	\$15.34~\$16.56	\$22.53~\$25.83
Share price at grant date	56.9	55.4	60.2
Exercise price	46.4	48.0	58.5
Expected volatility(%)	40.70%	40.10%	38.50%
Expected life (years)	four years	four years	ten years
Expected dividend	-	-	-
Risk-free interest rate(%)	0.66%~0.70%	0.47%~0.51%	0.54%

	2019		
	2017 ESOP	2018 ESOP	2019 ESOP
Fair value at grant date	\$16.07~\$17.35	\$15.34~\$16.56	\$22.53~25.83
Share price at grant date	56.9	55.4	60.2
Exercise price	47.7	49.4	60.2
Expected volatility(%)	40.70%	40.10%	38.50%
Expected life (years)	four years	four years	ten years
Expected dividend	-%	-	-
Risk-free interest rate(%)	0.66%~0.70%	0.47%~0.51%	0.54%

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Group determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

	2020		2019	
(in dollars)	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1	\$ 55.45	4,880,000	50.90	3,267,000
Granted during the year (number)		-		2,930,000
Forfeited during the year (number)		(292,000)		(161,000)
Exercised during the year (number)		(1,427,500)		(1,089,000)
Expired during the year (number)		<u>(500)</u>		<u>(67,000)</u>
Outstanding at December 31	56.87	<u>3,160,000</u>	55.5	<u>4,880,000</u>
Exercisable at December 31		<u>3,160,000</u>		<u>4,880,000</u>

(ii) Employee recognized in profit or loss

The Group incurred expenses and liabilities of share-based arrangements in 2020 and 2019 were as follows:

	2020	2019
Expenses resulting from granted employee share options	<u>\$ 15,535</u>	<u>13,697</u>

(t) Earnings per Share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2020 and 2019 were based on the profit attributable to ordinary shareholders of the Company amounting to \$62,434 thousand and \$106,258 thousand; respectively; and the weighted average number of ordinary shares outstanding of 59,176 thousand shares and 57,499 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2020	2019
Profit attributable to ordinary shareholders of the Company	<u>\$ 62,434</u>	<u>106,258</u>

2) Weighted average number of ordinary shares

	2020	2019
Weighted-average number of ordinary shares at December 31	<u>\$ 59,176</u>	<u>57,499</u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 were based on profit attributable to ordinary shareholders of the Company amounting \$62,434 thousand and \$106,258 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,376 thousand shares and 58,777 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2020</u>	<u>2019</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 62,434</u>	<u>106,258</u>

2) Weight-average number of ordinary shares (diluted)

	<u>2020</u>	<u>2019</u>
Weighted-average number of ordinary shares (basic)	\$ 59,176	57,499
Effect of dilutive potential ordinary shares		
Effect of issuance of employee share options	1,128	973
Effect of employee share bonus	<u>72</u>	<u>305</u>
Weighted-average number of ordinary shares (diluted) at December 31	<u>\$ 60,376</u>	<u>58,777</u>

(u) Revenue from contracts with customers

Disaggregation of revenue

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Primary geographical markets</u>		
Algeria	\$ 251,467	428,536
Switzerland	235,501	287,012
United State	177,635	143,555
China	173,625	381,993
Egypt	96,809	77,203
Other	<u>733,549</u>	<u>854,624</u>
	<u>\$ 1,668,586</u>	<u>2,172,923</u>
<u>Major products</u>		
Meter and Strips	<u>\$ 1,668,586</u>	<u>2,172,923</u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$22,000 and \$19,000 and directors and supervisors remuneration amounting to \$500 and \$4,000 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(w) Non-operating Income and Expenses

(i) Interest income

The details of interest income for the years 2020 and 2019 were as follows:

	2020	2019
Interest income from bank deposits	<u><u>\$ 1,315</u></u>	<u><u>1,738</u></u>

(ii) Other income

The details of other income for the years 2019 and 2018 were as follows:

	2020	2019
Rent income	\$ 548	-
Other income, others	25,299	13,272
	<u><u>\$ 25,847</u></u>	<u><u>13,272</u></u>

(iii) Other gains and losses

The details of other gains and losses for the years 2020 and 2019 were as follows:

	2020	2019
Foreign exchange gains (losses)	\$ 4,392	(4,931)
Losses on disposals of property, plant and equipment	(24)	-
Profit of lease modification	12	-
Gains on disposals of investment	-	8
	<u><u>\$ 4,380</u></u>	<u><u>(4,923)</u></u>

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Finance costs

The details of financial costs for the years 2020 and 2019 were as follows:

	2020	2019
Interest expenses-bank loans	\$ (21,125)	(31,507)
Interest of lease liabilities	(427)	(284)
	<u>\$ (21,552)</u>	<u>(31,791)</u>

(x) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk mainly derived from the carrying amount of financial assets recognized in the consolidated balance sheet which were \$797,954 and \$1,111,631 respectively, as of December 31, 2020 and 2019.

2) Concentration of credit risk

The major clients of Group are concentrated in medical instruments market. To minimize credit risk, the Group periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the trade receivable and recognizes an allowance for impairment. The impairment loss is within management' s expectation. As of December 31, 2020 and 2019, 54% and 28%, respectively, of trade receivables were comprised of five major customers. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6(d) and note 6 (j).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (g).

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 -2 years</u>	<u>2 -5 years</u>	<u>Over 5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,522,125	1,537,426	358,462	328,923	606,968	243,073
Unsecured bank loans	433,349	437,245	437,245	-	-	-
Short-term notes and bills payable	39,950	40,000	40,000	-	-	-
Notes and trade payables	147,165	147,165	147,165	-	-	-
Other payables (including related parties)	223,373	223,373	223,373	-	-	-
Payable on machinery and equipment	12,894	12,894	12,894	-	-	-
Lease liabilities (Current and Non-Current)	10,593	10,936	5,533	4,870	533	-
	<u>\$ 2,389,449</u>	<u>2,409,039</u>	<u>1,224,672</u>	<u>333,793</u>	<u>607,501</u>	<u>243,073</u>
December 31, 2019						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,413,316	1,435,115	501,463	203,175	435,502	294,975
Unsecured bank loans	225,275	279,656	229,056	50,600	-	-
Short-term notes and bills payable	199,775	200,000	200,000	-	-	-
Notes and trade payables	149,036	149,036	149,036	-	-	-
Other payables(including related parties)	179,987	179,987	179,987	-	-	-
Payable on machinery and equipment	16,793	16,793	16,793	-	-	-
Lease liabilities (Current and Non-Current)	6,663	6,923	2,629	4,294	-	-
	<u>\$ 2,190,845</u>	<u>2,267,510</u>	<u>1,278,964</u>	<u>258,069</u>	<u>435,502</u>	<u>294,975</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020				December 31, 2019			
	Foreign currency	Exchang e rates	TWD		Foreign currency	Exchange rates	TWD	
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	USD	14,897	28.10	418,606	USD	22,494	30.00	674,820
EUR	EUR	3,161	34.53	109,149	EUR	2,885	33.61	96,965

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		December 31, 2020			December 31, 2019		
		Foreign currency	Exchang e rates	TWD	Foreign currency	Exchange rates	TWD
Financial liabilities							
<u>Monetary items</u>							
USD	USD	14,473	28.10	406,691	USD 16,137	30.00	484,110
EUR	EUR	2,197	34.53	75,862	EUR 2,073	33.61	69,674

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the TWD against the USD and the EUR as of December 31, 2020 and 2019, would have increased the net profit after tax by \$181 thousand and \$872 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2020 and 2019, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$4,392 and \$(4,931), respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5%, the Group's net income would have increased / decreased by \$7,822 and \$6,554 for the year ended December 31, 2020 and 2019, respectively with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2020				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income						
Stocks unlisted companies	\$ 36,100	-	-	36,100	36,100	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 343,247	-	-	-	-	
Notes and trade receivables (including related parties)	449,389	-	-	-	-	
Other receivables	5,318	-	-	-	-	
Other financial assets-current	56,050	-	-	-	-	
	854,004	-	-	-	-	
	\$ 890,104	-	-	36,100	36,100	
Financial liabilities at amortized cost						
Short-term borrowings	\$ 483,349	-	-	-	-	
Short-term notes and bills payable	39,950	-	-	-	-	
Notes and trade payables, and other payables (including related parties)	370,538	-	-	-	-	
Payable on machine and equipment	12,894	-	-	-	-	
Lease liabilities (Current and Non-current)	10,593	-	-	-	-	
Long-term borrowings, including current portion	1,472,125	-	-	-	-	
	\$ 2,389,449	-	-	-	-	
		December 31, 2019				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income						
Stocks unlisted companies	\$ 36,100	-	-	36,100	36,100	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 359,558	-	-	-	-	
Notes and trade receivables (including related parties)	747,101	-	-	-	-	
Other receivables	4,972	-	-	-	-	
Other financial assets-current	22,429	-	-	-	-	
	1,134,060	-	-	-	-	
	\$ 1,170,160	-	-	36,100	36,100	

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized					
Short-term borrowings	\$ 465,799	-	-	-	-
Short-term notes and bills payable	199,775	-	-	-	-
Notes and trade payables, and other payables (including related parties)	329,023	-	-	-	-
Payable on machine and equipment	16,793	-	-	-	-
Lease liabilities (Current and Non-current)	6,663	-	-	-	-
Long-term borrowings, including current portion	1,172,792	-	-	-	-
	\$ 2,190,845	-	-	-	-

- 2) Valuation techniques for financial instruments not measured at fair value :

The Group' s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

- 3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2020 and 2019.

- 4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity	instruments
Opening balance, January 1, 2020 (i.e. December 31, 2020)	\$	36,100
Opening balance, January 1, 2019	\$	30,100
Purchased		6,000
Ending balance, December 31, 2019	\$	36,100

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value is "fair value through other comprehensive income (available-for-sale financial assets) – equity investments" .

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	• Forecast annual revenue growth rate (December 31, 2020 ; 25%~100%) • Weight average capital cost (December 31, 2020 ; 9.50%)	• the annual revenue growth rate were higher, the fair value were higher • the weight average capital cost were higher, the fair value were lower

(y) Financial Risk Management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Group' s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group' s policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arise principally from the Group's receivables from customers and investment in debt securities.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2020, no guarantees were outstanding (2019: none).

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused credit lines were amounted to \$1,057,151 thousand and \$884,201 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the operating center.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily New Taiwan Dollars (TWD), EUR, US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, EUR, US Dollars (USD), and CNY.

2) Interest rate risk

The Group by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

3) Other market price risk

The Group is not exposed to equity price risk from its investments in equity securities.

(z) Capital Management

The Group's objectives for managing capital to safeguard its capacity to continue to operate, and provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2020, the Group's capital management strategy is consistent with that of the prior year as of December 31, 2019 and the debt to equity ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Group's debt to equity ratio at the end of the reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 2,414,269	2,357,395
Less: cash and cash equivalents	343,247	359,558
Net debt	<u>\$ 2,071,022</u>	<u>1,997,837</u>
Total equity	<u>\$ 2,070,783</u>	<u>2,046,845</u>
Total capital	<u>\$ 4,141,805</u>	<u>4,044,682</u>
Debt-to-equity ratio at 31 December	<u>50.00%</u>	<u>49.39%</u>

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows :

For right-of-assets under leases, please refer to note 6(o).

	January 1,2020	Cash flows	Additions	Non-cash changes Foreign exchange movement	Profit of lease modification	Changes in lease payments	December 31,2020
Long-term borrowings	\$ 1,172,792	299,333	-	-	-	-	1,472,125
Short-term borrowings	465,799	12,201	-	5,349	-	-	483,349
Lease liabilities (current and non-current)	6,663	(4,901)	9,329	(297)	(12)	(189)	10,593
Total liabilities from financing activities	<u>\$ 1,645,254</u>	<u>306,633</u>	<u>9,329</u>	<u>5,052</u>	<u>(12)</u>	<u>(189)</u>	<u>1,966,067</u>

	January 1,2019	Cash flows	Non-cash changes Foreign exchange movement	December 31,2019
Long-term borrowings	\$ 1,199,556	(26,764)	-	1,172,792
Short-term borrowings	659,385	(186,204)	(7,382)	465,799
Lease liabilities (current and non-current)	7,031	(256)	(112)	6,663
Total liabilities from financing activities	<u>\$ 1,865,972</u>	<u>(213,224)</u>	<u>(7,494)</u>	<u>1,645,254</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the consolidated financial statements.

<u>Name of related Party</u>	<u>Relationship with the Group</u>
Tonghua Dongbao Pharmaceutical Co., Ltd.(Tonghua Dongbao)	Key management personnel
Shanghai Juyi Network Technology Co., Ltd. (Juyi)	Entity which is joint controlled by key management personnel
HUANG, CHUN-MU	Key management personnel

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to its related party were as follows:

	<u>2020</u>	<u>2019</u>
Key management personnel of the Group — Tonghua Dongbao	\$ 122,630	306,399
Other related parties — Juyi	2,367	15,775
	<u><u>\$ 124,997</u></u>	<u><u>322,174</u></u>

The price given to the related-party is lower than general customers. The general customer's collection term is about 45 to 120 days or advance sales receipts, for the key management personnel of the Group, the collection conditions is advance sales receipts or 180 days from the end of the month of when the invoice is issued.

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

	<u>2020</u>	<u>2019</u>
Key management personnel of the Group		
— Tonghua Dongbao	<u><u>\$ 43,074</u></u>	<u><u>-</u></u>

The payment terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade receivables	Key management personnel of the Group		
	— Tonghua Dongbao	\$ 40,038	91,662
Trade receivables	Other related parties — Juyi	283	2,468
		<u><u>\$ 40,321</u></u>	<u><u>94,130</u></u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables	Key management personnel of the Group		
	— Tonghua Dongbao	\$ 12,739	27,507
Other payables	Other related parties — Juyi	-	2,187
		<u>\$ 12,739</u>	<u>29,694</u>

(v) Others(account for other current liabilities)

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Advance sales receipts	Key management personnel of the Group		
	— Tonghua Dongbao	\$ 8,633	4

(vi) others

- 1) The sales expense of \$0 and \$3,960 in 2020 and 2019, respectively, which caused by signing contract with key management personnel of the Group-Tonghua Dongbao was under selling expenses.
- 2) The service expense of \$21,842 and \$23,235 in 2020 and 2019, respectively, which caused by signing contract with other related parties — Juyi was under selling expenses.
- 3) The Group entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 16,506	24,359
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
	<u>\$ 16,506</u>	<u>24,359</u>

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Property, plant and equipment	Guarantee for bank loans	\$ 2,145,399	2,164,632
Other financial assets-current	Purchase deposit	200	-
		<u>\$ 2,145,599</u>	<u>2,164,632</u>

(9) Significant commitments and contingencies

(a) Unrecognized contractual commitments are as follows:

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	<u>\$ 20,184</u>	<u>18,456</u>

(b) Contingencies

- (i) The Group had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non current assets.
- (ii) The Group signed a long-term sales contract with Tonghua Dongbao Pharmaceutical Co., Ltd. (Tonghua Dongbao) in August 2015, and designated Tonghua Dongbao as the exclusive distributor across Mainland China, with the Company' s authorization. The contract specifies the minimum amount Tonghua Dongbao is required to purchase annually from the Company from 2016 to 2020, and the amount Tonghua Dongbao will have to compensate the Group for any loss due to the insufficient purchase amount.

Due to the impact of COVID-19 pandemic in 2020, the sales in Mainland China had slowed down. Therefore, the Group negotiated to revise the contract with terms of reducing the minimum purchase quantity with Tonghua Dongbao, and withdrew the exclusive sales right of some models of Tonghua Dongbao starting from July 1, 2020. In addition, the subsidiary-Huaguang Biological Technology (Pingtan) Limited Company, has been delegated to buy back the remaining unsold exclusive models, and sell them to customers in China.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events :None

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BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(12) Other:

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function, is as follows:

By item	By function	2020			2019		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		310,737	237,198	547,935	291,745	250,498	542,243
Labor and health insurance		30,001	22,210	52,211	25,586	22,336	47,922
Pension		12,631	12,682	25,313	10,642	14,269	24,911
Remuneration of directors		-	1,333	1,333	-	3,010	3,010
Others		18,790	12,983	31,773	16,590	14,186	30,776
Depreciation		116,282	36,269	152,551	112,034	42,630	154,664
Amortization		563	10,368	10,931	182	9,639	9,821

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2020 (excluding those investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The company	Ordinary-Bo nraybio Corporation	-	Financial assets measured at fair value through other comprehensive gains and losses-non current	960	36,100	7.51%	36,100	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with an amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
The Company	Tonghua Dongbao Pharmaceutical Co., Ltd.	Key management personnel	Sale	(122,630)	(7.35)%	Advance receipts	No comparison	Advance receipts	40,038	8.91%	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

- (ix) Trading in derivative instruments: None

- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2018			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Purchases	2,878	Note3	0.17%
0	The company	Bionime USA Corporation	1	Sales	63,270	Note3	3.79%
0	The company	Bionime (Malaysia) Sdn Bhd	1	Sales	19,497	Note3	1.17%
0	The company	Bionime (Shenzhen) Limited Company	1	Sales	968	Note3	0.06%
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Sales	102,041	Note3	6.12%
0	The company	Bionime USA Corporation	1	Trade Receivables	5,102	Note3	0.11%
0	The company	Bionime (Malaysia) Sdn Bhd	1	Trade Receivables	7,972	Note3	0.18%
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Trade Receivables	69,444	Note3	1.55%
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Trade payables	375	Note3	0.01%
0	The company	Bionime GmbH	1	Professional service fees	26,262	No Comparison	1.57%
0	The company	Bionime Incorporated	1	Other receivables	3	No Comparison	- %

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2018			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The company	Bionime (Shenzhen) Limited Company	1	Other receivables	79	No Comparison	- %
1	Bionime Incorporated	Bionime (Shenzhen) Limited Company	3	Other receivables	9	No Comparison	- %
2	Huaguang Biological Technology (Pingtan) Limited Company	Bionime (Shenzhen) Limited Company	3	Professional service fees	3,626	No Comparison	0.22%
0	The company	Bionime GmbH	1	Other payables	20,512	No Comparison	0.46%
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Temporary receipts	227	No Comparison	0.01%
0	The company	Huaguang Biological Technology (Pingtan) Limited Company	1	Other payables	343	No Comparison	0.01%

Note 1: The number filled in as follows:

- 1) Zero represents the parent company.
- 2) Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

- 1) 1 represents the transactions between parent company and subsidiaries.
- 2) 2 represents the transactions between subsidiaries and parent company.
- 3) 3 represents the transactions between subsidiary and subsidiary.

Note 3: The price that the Company offers to (be offered by) its related parties is not comparable to other non-related parties due to their product characteristics. The collection period for general customers ranges from 45 to 120 days; and the collection period for Bionime Incorporated (B.V.I.), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn. Bhd, Huaguang Biological Technology (Pingtan) Limited Company, and Bionime (Shenzhen) Limited Company are approximately 90 days, 60 days, 120 days, 120 days, 75 days, 90 days and 90 days, respectively.

Note 4: The transactions mentioned above have been eliminated upon consolidation.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Bionime GmbH	Switzerland	Merchandise trading	CHF300	CHF300	Note1	100%	21,243	1,159	1,159	Note4
The company	Bionime Incorporated (B.V.I)	British Virgin Islands	Investing and holding	USD3,090	USD3,090	3.09	100%	88,341	19,188	19,188	Note4
The company	Bionime USA Corporation	America	Merchandise trading	USD11,150	USD11,150	1,115	100%	67,901	16,227	16,227	Note4
The company	Bionime Australia Pty Limited	Australia	Merchandise trading	AUD350	AUD350	Note2	100%	(22)	99	99	Note4
The company	Bionime (Malaysia) Sdn.Bhd	Malaysia	Merchandise trading	MYR1,046	MYR698	Note3	66.06%	9,220	3,199	2,113	Note4

Note1: A company established in Switzerland.

Note2: A company established in Australia.

Note3: A company established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, their main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Bionime (Shenzhen) Limited Company	Merchandise trading	US\$2,300	Note1	US\$850	-	-	US\$850	20,123 (Note3)	100%	20,123	92,274	US\$2,087 (NT\$63,084)
Bionime (Pingtan) Limited Company	Merchandise trading and manufacturing	RMB\$20,000	Note2	-	-	-	-	28,437 (Note3)	100%	28,437	80,506	-

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$850 (NT\$ 27,520)	US\$ 2,300 (NT\$ 70,863)	NT\$1,239,376

Note 1: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized base on the audited financial statement.

Note 4: The transactions have been eliminated upon consolidation.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions" .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Tonghua Dongbao Pharmaceutical Co., Ltd		12,000,000	19.36%
Hua Eng Wire And Cable Co., Ltd.		7,807,900	12.60%
Ypsmoed Holding AG		3,190,250	5.14%

(14) Disclosures required for securities firm investing in countries or regions without securities authority:

(a) General information

The Group has one reportable segment, the biotechnology segment. This segment is mainly involved in the manufacturing and selling of medical instruments, providing biotechnology services, examining pharmaceuticals products, and selling precision instruments.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The internal management report includes profit before taxation.

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The profit or loss of the reportable segment of the Group includes depreciation and amortization expenses, income tax expense (income), any extraordinary activity, and other material non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

Accounting policies for the operating segments correspond to those stated in note 4.

The reportable segment profit and loss, segment assets and segment liabilities of the Group are in accordance with the financial report, please refer to the Consolidated Balance sheet and Consolidated Statement of Comprehensive Income.

(c) Production and service information

Since the main industrial department of Group is the optical lens department, and its operating income, operating interests and the identifiable assets account for more than 90% of operating income and total assets, therefore, the Group is classified as a single product.

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and the segment non-current assets are based on the geographical location of the assets.

Region	2020	2019
Revenue from external customers:		
Algeria	\$ 251,467	428,536
Switzerland	235,501	287,012
United States	177,635	143,555
Mainland Chinese	173,625	381,993
Egypt	96,809	77,203
Other countries	733,549	854,624
Total	<u>\$ 1,668,586</u>	<u>2,172,923</u>
Non-current assets :		
Taiwan	\$ 2,939,387	2,751,759
Other countries	18,195	13,532
Total	<u>\$ 2,957,582</u>	<u>2,765,291</u>

Non-current assets include property, plant and equipment, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(e) Major customers' information

	2020	2019
Customer A of biotechnology division	\$ 251,467	428,536
Customer B of biotechnology division	235,502	287,012
	<u>\$ 486,969</u>	<u>715,548</u>

Independent Auditors' Report

To the Board of Directors of Bionime Corporation:

Opinion

We have audited the financial statements of Bionime Corporation (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

We have determined the matter described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

The accounting principle of revenue recognition, refer to financial statements Note 4 (m); The explanation about revenue recognition, refer to financial statements Note 6 (v).

Description of key audit matters:

The Company's revenue are from sales of blood glucose meter and test strips to domestic and foreign clients such as hospitals, dealers and pharmacies. Most of them are foreign clients. As industry peculiarities, clients in higher latitude countries tend to purchase more and increase their inventory at the end of the year in order to prevent the risk of paralysis of shipment due to frozen water in the winter. As a result, the revenue at the end of the year is higher causing the transactions before and after the balance sheet date to have material impact on financial reporting.

Therefore, testing whether revenue was recognized in the correct period is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included: testing the Company's efficacy on the design and operation of internal controls surrounding revenue, which includes confirming the terms in the sales contract to ensure the revenue is being recorded accurately; selecting the sales transaction before and after the balance sheet date on a sample basis, inspecting the related accounting documents, as well as evaluating whether the revenue is recorded in the appropriated period.

2. Assessment of Inventory

The accounting principle of inventory, refer to financial statements Note 4 (g) "inventory", the assessment of accounting estimate and assumption uncertainty, refer to financial statements Note 5 (a); the explanation of inventory assessment refers to financial statements Note 6 (e).

Description of key audit matters:

The Company's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included: assessing the Company's allowance on inventory according to its characteristics, including conducting sampling test to examine accuracy of inventory aging; assessing the Company's inventory decline or rationality of debt ratio; examining accuracy of allowance on inventory for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

3. Assessment of Accounting Receivable

The accounting principle of Accounts Receivable refers to financial statements Note 4 (f) "Financial instruments"; Accounting receivable of Accounting Assumptions, Judgments and Estimation Uncertainty, refers to financial statements Note 5 (b); The explanation of accounting receivable refer to financial statements Note 6 (c) "Notes and Trade Receivable, Trade Receivable-related parties".

Description of key audit matters:

The Company's accounts receivable are concentrated among certain customers. Allowance evaluation on accounts receivable contains management's subjective judgment. Therefore, the assessment on accounts receivable is one of the key audit matter.

How the matter was addressed in our audit:

Our principal audit procedure included: analyzing trade receivables aging schedule, collection reports and customers' credit concentration risk, etc., in order to assess whether estimation method and the amount of trade receivables for this period is presented fairly.

4. Development Cost

For accounting principle of intangible asset development cost and explanation of intangible asset, please refer to Notes 4(k) “Intangible Assets” and Notes 6(j) “Intangible Assets” , respectively.

Description of key audit matters:

The Company focuses on developing new type of blood glucose meter, wherein it incurred a massive amount of research and development expenses before and during clinical trial stage. This research has reached to a developed stage and now classified as asset. Whether to capitalize development cost relies on the subjective judgement of the Company’ s management. Therefore, the cost on research and development is one of our key audit matters.

We focus on whether there is bias in the management’ s judgement on determining the capitalization or expensing of related costs, especially for the feasibility of the technology of the new blood glucose meter, whether it has met the criteria to be capitalized and obtained the approval from authority.

How the matter was addressed in our audit:

Our principle audit procedures included:

1. Understanding whether the management has adequately evaluated the feasibility of the technology of the new blood glucose meter to determine it has met the criteria to be capitalized.
2. Assessing whether the Company’ s accounting policy for development costs is in accordance with accounting regulations.
3. Obtaining the management’ s analysis on the schedule of the new type blood glucose meter and verifying whether the developing process has remained in its original schedule.
4. Conducting sampling of research and development cost in the current period by inspecting those supporting documents such as clinic trial contracts, invoice by vender, and payment records, to verify whether its nature, amount and classification of the expenses were appropriate.
5. Assessing whether it is appropriate for the Company’ s management to capitalize the development costs as asset.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including the supervisors) are responsible for overseeing the Company’ s financial reporting process.

Auditor' s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2021

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

BIONIC CORPORATION

Financial Statements

December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current assets:				
Cash and cash equivalents (note 6 (a))	\$ 266,706	6	263,052	6
Notes receivable, net (note 6 (c))	11,554	-	3,383	-
Trade receivable, net (note 6 (c))	374,936	9	623,582	14
Trade receivable-related parties, net (note 6 (c) and 7)	82,518	2	110,071	3
Other receivables (note 6 (d))	4,769	-	4,508	-
Other receivable-related parties(note (d) and 7)	82	-	381	-
Current income tax assets	14,611	-	18,543	-
Inventories (note 6 (e))	458,020	10	375,229	9
Prepayments (note 9 (b))	51,934	1	31,425	1
Other current assets (note 6 (k))	9,262	-	9,149	-
Other current financial assets (note 6 (k) and 8)	200	-	-	-
	1,274,592	28	1,439,323	33
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6 (b))	36,100	1	36,100	1
Investments accounted for using equity method (note 6 (f))	186,683	4	168,758	4
Property, plant and equipment (note 6 (h), 7 and 8)	2,610,332	58	2,659,787	60
Right-of-use assets (note 6 (i))	2,618	-	3,632	-
Intangible assets (note 6 (j))	205,569	5	49,273	1
Deferred tax assets (note 6 (r))	28,339	1	2,899	-
Prepayments for business facilities	67,110	2	39,066	1
Guarantee deposits paid	2,150	-	2,554	-
Defined benefit assets, net (note 6 (r))	452	-	-	-
Other non-current assets (note 6 (k))	53,758	1	-	-
	3,193,111	72	2,962,069	67
Total assets	\$ 4,467,703	100	4,401,392	100
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (note 6 (m) and 8)	\$ 483,349	11	465,799	11
Short-term notes and bills payable (note 6 (l))	39,950	1	199,775	5
Notes payable	849	-	-	-
Trade payable	144,033	3	147,993	3
Trade payable-related parties (note 7)	375	-	1,575	-
Other payables	195,333	4	267,156	6
Other payables-related parties (note 7)	31,313	1	45,688	1
Payable on machinery and equipment	12,894	-	16,793	-
Current income tax liabilities	4,909	-	28,009	-
Current lease liabilities (note 6 (p))	1,343	-	1,225	-
Other current liabilities (note 6 (n) and 7)	14,156	-	9,486	-
Long-term borrowings, current portion (note 6 (o) and 8)	304,833	7	200,667	5
	1,233,337	27	1,384,166	31
Non-Current liabilities:				
Long-term borrowings (note 6 (o) and 8)	1,167,292	26	972,125	22
Deferred tax liabilities (note 6 (r))	163	-	96	-
Non-current lease liability (note 6 (p))	1,280	-	2,413	-
Defined benefit liability (note 6 (q))	-	-	15	-
Guarantee deposits received	4	-	-	-
	1,168,739	26	974,649	22
Total liabilities	2,402,076	53	2,358,815	53
Equity (note 6 (s))				
Ordinary share	617,558	14	596,698	14
Advance receipts for share capital	9,702	-	41,308	1
Capital surplus	1,402,306	31	1,337,126	30
Retained earnings	189,752	5	216,593	5
Other equity interest	(15,550)	-	(11,007)	-
Treasury shares	(138,141)	(3)	(138,141)	(3)
Total equity	2,065,627	47	2,042,577	47
Total liabilities and equity	\$ 4,467,703	100	4,401,392	100

(English Translation of Financial Statements and Report Originally Issued in Chinese)

BIONIME CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars , except for earnings per share)

	2020		2019	
	Amount	%	Amount	%
Net operating revenues (note 6 (w) and 7)	\$ 1,601,953	100	2,053,362	100
Operating costs (note 6 (e), (j) and (x))	937,407	59	1,189,097	58
Gross profit from operations	664,546	41	864,265	42
Less: Net unrealized gains between affiliates	16,498	1	(5,765)	-
Net Gross profit from operations	648,048	40	870,030	42
Operating expenses (note 6 (c), (j), (r), (x) and 7))				
Selling expenses	202,244	13	253,170	12
Administrative expenses	184,730	12	227,284	12
Research and development expenses	246,360	15	253,691	12
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	23,224	1	10,176	-
	656,558	41	744,321	36
Net operating income	(8,510)	-	125,709	6
Non-operating income and expenses :				
Non-operating income:				
Interest income (note 6 (x))	166	-	387	-
Other income (note 6 (y) and 7)	18,357	1	12,823	1
Other gains and losses (note 6 (y), and 7)	1,523	-	(366)	-
Finance costs	(21,163)	(1)	(30,818)	2
Share of profit of associates accounted for using equity method	38,786	2	22,204	1
	37,669	2	4,230	4
Profit before income tax	29,159	2	129,939	10
Less: income tax expense (note 6 (r))	(33,275)	(2)	23,681	1
Profit (loss)	62,434	4	106,258	9
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurements of defined benefit plans (note (q))	316	-	(282)	-
	316	-	(282)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(4,543)	-	(5,507)	-
Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (r))	-	-	-	-
	(4,543)	-	(5,507)	-
Other comprehensive income (after tax)	(4,227)	-	(5,789)	-
Comprehensive income	\$ 58,207	4	100,469	9
Earnings per share (NT dollars) (note 6 (u))				
Basic earnings per share	\$ 1.06		1.85	
Diluted earnings per share	\$ 1.03		1.81	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

BIOTECH CORPORATION

Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

		Retained earnings					Exchange differences on translation of foreign financial statements		Treasury shares		Total equity
		Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total			
Ordinary shares											
\$	594,468	-	594,468	1,314,899	96,390	1,383	127,738	225,511	(5,500)	(138,141)	1,991,237
-	-	-	-	-	-	-	106,258	106,258	-	-	106,258
-	-	-	-	-	-	-	(282)	(282)	(5,507)	-	(5,789)
-	-	-	-	-	-	-	105,976	105,976	(5,507)	-	100,469
-	-	-	-	-	-	-	(12,773)	-	-	-	-
-	-	-	-	-	-	-	(114,894)	(114,894)	-	-	(114,894)
-	-	-	-	13,697	-	-	-	-	-	-	13,697
2,230	-	-	2,230	8,515	-	-	-	-	-	-	10,745
-	-	-	-	15	-	-	-	-	-	-	15
-	41,308	41,308	41,308	-	-	-	-	-	-	-	41,308
\$	596,698	41,308	638,006	1,337,126	109,163	1,383	106,047	216,593	(11,007)	(138,141)	2,042,577
596,698	41,308	638,006	1,337,126	109,163	109,163	1,383	106,047	216,593	(11,007)	(138,141)	2,042,577
-	-	-	-	-	-	-	62,434	62,434	-	-	62,434
-	-	-	-	-	-	-	316	316	(4,543)	-	(4,227)
-	-	-	-	-	-	-	62,750	62,750	(4,543)	-	58,207
-	-	-	-	-	10,626	-	(10,626)	-	-	-	-
-	-	-	-	-	-	5,579	(5,579)	-	-	-	-
-	-	-	-	-	-	-	(89,591)	(89,591)	-	-	(89,591)
-	-	-	-	15,535	-	-	-	-	-	-	15,535
20,860	(41,308)	(20,448)	(20,448)	78,718	-	-	-	-	-	-	58,270
-	9,702	9,702	9,702	-	-	-	-	-	-	-	9,702
-	-	-	-	(29,073)	-	-	-	-	-	-	(29,073)
\$	617,558	9,702	627,260	1,402,306	119,789	6,962	63,001	189,752	(15,550)	(138,141)	2,065,627

Balance on January 1, 2019

Profit for the year ended December 31, 2019

Other comprehensive income for the year ended December 31, 2019

Comprehensive income for the year ended December 31,2019

Appropriation and distribution of retained earnings:

Legal reserve

Cash dividends on ordinary shares

Employee stock options compensation costs

Employee stock options exercised

From share of changes in equity of subsidiaries

Advance receipts for share capital

Balance on December 31, 2019

Balance on January 1, 2020

Profit for the year ended December 31, 2020

Other comprehensive income for the year ended December 31, 2020

Comprehensive income for the year ended December 31, 2020

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends on ordinary shares

Employee stock options compensation costs

Employee stock options exercised

Advance receipts for share capital

Cash dividends of capital surplus

Balance on December 31, 2020

(English Translation of Financial Statements and Report Originally Issued in Chinese)

BIONIME CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 29,159	129,939
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	147,594	150,056
Amortization expense	10,781	9,718
Expected credit (gain)/Provision for bad debt expense	23,224	10,176
Interest expense	21,163	30,818
Interest revenue	(166)	(389)
Share-based payments transactions	15,535	13,697
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(38,786)	(22,204)
Gain on disposal of property, plan and equipment	(169)	(179)
Property, plan and equipment transferred to expenses	-	3,419
Gain on disposal of investments	-	(8)
Gain on lease modification	(12)	-
Net unrealized gains between affiliates	16,498	(5,765)
Total adjustments to reconcile profit	195,662	189,339
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(8,171)	4,558
Trade receivable	225,422	(12,740)
Trade Receivable due from related parties	27,553	113,110
Other receivables	(261)	8,322
Other receivables due from related parties	299	5,308
Inventories	(83,334)	3,883
Other operating assets	(74,516)	(22,529)
	86,992	99,912
Changes in operating liabilities:		
Notes payable	849	(14)
Trade payable	(3,960)	(14,667)
Trade payable due from related parties	(1,200)	1,467
Other payables	(71,670)	14,085
Other payables due from related parties	(14,375)	6,852
Other operating liabilities	4,655	4,384
	(85,701)	12,107
Total changes in operating assets and liabilities	1,291	112,019
Total adjustments	196,953	301,358
Cash inflow generated from operations	226,112	431,297
Interest received	166	389
Interest paid	(21,141)	(32,043)
Income taxes paid	(11,266)	(694)
Net cash flows from (used in) operating activities	193,871	398,949
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,000)
Acquisition of investment using equity method	-	(2,520)
Acquisition of property, plant and equipment	(75,801)	(45,209)
Decrease (Increase) in refundable deposits	404	(1,553)
Acquisition of intangible assets	(166,995)	(49,577)
Increase in other financial assets	(200)	-
Increase in prepayments for business facilities	(52,495)	(42,942)
Other investing activities	-	15
Net cash flows from (used in) investing activities	(295,087)	(147,786)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,118,616	1,865,431
Decrease in short-term borrowings	(2,106,415)	(2,031,430)
Decrease in short-term notes and bills payable	(160,000)	(59,973)
Proceeds from long-term borrowings	700,000	50,000
Repayments of long-term borrowings	(400,667)	(76,764)
Cash dividends paid	(118,664)	(114,894)
Increase in guarantee deposits	4	-
Payment of lease liabilities	(1,324)	(551)
Proceeds from exercise of employee stock options	67,972	52,053
Net cash flows from (used in) financing activities	99,522	(316,128)
Effect of exchange rate changes on cash and cash equivalents	5,348	(6,529)
Net increase (decrease) in cash and cash equivalents	3,654	(71,494)
Cash and cash equivalents at beginning of period	263,052	334,546
Cash and cash equivalents at end of period	\$ 266,706	263,052

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

BIONIME CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

Bionime Corporation (the “Company”) was incorporated on April 14, 2003 as a Company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in December 2010. The address of the Company’s registered office is No.100, Sec. 2, Daqing St., South Dist., Taichung City, Taiwan. The Company primarily is involved in the manufacturing and selling medical instruments, providing biotechnology services, examining pharmaceuticals, and selling precision instruments.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 19, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: ● the incremental costs—e.g. direct labor and materials; and ● an allocation of other direct costs—e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value.
- 2) The defined benefit liability (asset) is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company' s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company' s historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor' s, Baa3 or higher per Moody' s or twA or higher per Taiwan Ratings' .

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor' s, Baa3 or higher per Moody' s or twA or higher per Taiwan Ratings' .

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 1 year past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company' s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes the expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under equity method, net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) buildings and structures: 5~50 years
- 2) machinery and equipment: 2~8 years
- 3) molding equipment: 2~3 years
- 4) transportation equipment: 5 years
- 5) leasehold improvements: 2~8 years
- 6) office and other equipment: 3~5 years

Buildings and structures constitutes mainly of building, wastewater treatment plant, and others. Each such part depreciates based on its useful life of 50 years, 30 years, and 5 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset throughout the period of use only if either:
 - a. the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - b. the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

(Continued)

BIONIME CORPORATION
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- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception of a contract or reevaluate whether a contract contains a lease, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

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- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the offices and other sporadic leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

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The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income' .

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1. Computer Software: 1-5 years
2. Development cost: 4 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs) .

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells blood glucose meter and test strips to pharmacies and hospitals. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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BIONIME CORPORATION
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(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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BIONIME CORPORATION
Notes to the Financial Statements

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

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Notes to the Financial Statements

(p) Income taxes

Income tax comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- 1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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BIONIME CORPORATION
Notes to the Financial Statements

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee bonus and employee stock options.

(r) Operating segments

Please refer to the consolidated financial statements of Bionime Corporation for the years ended December 31, 2020 and 2019.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in the accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and reflects the impact of COVID-19 is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6 (e) for further description of the valuation of inventories.

(b) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

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BIONIME CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Petty cash and cash on hand	\$ 1,399	538
Demand deposits	265,307	262,514
Cash and cash equivalents in the statement of cash flow	<u>\$ 266,706</u>	<u>263,052</u>

Please refer to Note 6 (y) for the exchange rate risk, interest rate risk, sensitivity analysis of the financial assets and liabilities of the Company.

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

Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Domestic unlisted common share- Bonraybio Co.,Ltd.	<u>\$ 36,100</u>	<u>36,100</u>

On January 1, 2020 and 2019, the Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of December 31, 2020 and 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6(y).

As of December 31, 2020 and 2019, none of the financial assets of the Company had been pledged as collateral for borrowings.

(c) Notes and trade receivable

	December 31, 2020	December 31, 2019
Note receivables from operating activities	<u>\$ 11,554</u>	<u>3,383</u>
Trade receivables-measured as amortized cost	410,991	636,413
Trade receivables-related parties-measured as amortized cost	82,518	110,071
Less : Loss allowance	(36,055)	(12,831)
	<u>\$ 457,454</u>	<u>733,653</u>

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BIONIME CORPORATION
Notes to the Financial Statements

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and trade receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	380,262	- %	-
1 to 90 days past due	92,421	6.31%	5,833
91 to 180 days past due	7,866	72.57%	5,708
More than 181 days	24,514	100%	24,514
Past due	\$ 505,063		36,055

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	598,223	- %	-
1 to 90 days past due	132,247	- %	-
91 to 180 days past due	15,809	58.47%	9,243
More than 181 days	3,588	100%	3,588
Past due	\$ 749,867		12,831

The movement in the allowance for notes and trade receivable was as follows:

	For the years ended December 31,	
	2020	2019
Balance on January 1	\$ 12,831	2,715
Impairment losses recognized	23,224	10,176
Amounts written off	-	(60)
Balance on December 31	\$ 36,055	12,831

None of the receivables was discounted or pledged as collateral as of December 31, 2020 and 2019.

(d) Other receivables (including related parties)

	December 31, 2020	December 31, 2019
Other accounts receivable	\$ 4,769	4,508
Other accounts receivable-related parties	82	381
	\$ 4,851	4,889

For further credit risk information, please refer to note 6 (y).

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(e) Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 61,843	27,066
Less: Allowance for inventory valuation losses	(11,704)	(4,931)
	<u>50,139</u>	<u>22,135</u>
Work in progress	319,832	261,811
Less: Allowance for inventory valuation losses	(13,690)	(6,707)
	<u>306,142</u>	<u>255,104</u>
Raw materials	115,258	106,586
Less: Allowance for inventory valuation losses	(13,519)	(8,596)
	<u>101,739</u>	<u>97,990</u>
	<u>\$ 458,020</u>	<u>375,229</u>

The detail of inventory write-downs as follows:

	For the years ended December 31, 2020	2019
Provisions (reversal of provision) for inventory valuation and obsolescence	\$ 18,679	(5,568)
Losses on disposal of scrap	6,959	11,111
Gains on physical inventory	(281)	(342)
Gains on disposal of leftover bits and pieces	(3,688)	(4,927)
Operating costs recognized	<u>\$ 21,669</u>	<u>274</u>

The Company measures its inventories at net realizable value. The amount of fair wear and tear, obsolescence, without active market for inventories was evaluated on reporting date and written down to lower of cost or net realizable value.

As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2020	December 31, 2019
	<u>\$ 186,683</u>	<u>168,758</u>

(i) Subsidiary

Please refer to 2020 consolidated statement report.

(ii) As of December 31, 2020 and 2019, the Company did not provide any investment accounted for using equity method as collateral for its loans.

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(g) Changes in a parent's ownership interest in a subsidiary

Recognized new shares issued by subsidiaries not by shareholding ratio:

On July 25, 2019, the Company acquired an additional interest in subsidiary – Bionime (Malaysia) for \$2,498 in trade receivables, and the group's ownership has decreased from 72% to 66.06%, due to non-proportional recognition of the 613,500 shares issued by the subsidiary-Bionime (Malaysia).

The effects of the changes in shareholdings were as follows:

	2019
Carrying amount of non-controlling interest on acquisition	\$ 2,521
Consideration paid to non-controlling interests	(2,498)
Other equity	(8)
Capital surplus – the variation of ownership of subsidiary	\$ 15

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019 were as follows:

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Cost or deemed cost:								
Balance at January 1, 2020	\$ 1,420,840	867,169	748,199	151,199	1,588	17,066	503,665	3,709,726
Additions	-	3,866	50,161	3,334	-	-	14,541	71,902
Disposals	-	-	(9,352)	(3,200)	-	-	(1,432)	(13,984)
Reclassification	-	-	22,675	1,694	-	-	543	24,912
Balance at December 31, 2020	\$ 1,420,840	871,035	811,683	153,027	1,588	17,066	517,317	3,792,556
Balance at January 1, 2019	\$ 1,420,840	861,302	642,923	139,985	1,588	17,066	500,411	3,584,115
Additions	-	9,597	23,197	8,114	-	-	6,531	47,439
Disposals	-	-	(210)	-	-	-	(4,312)	(4,522)
Reclassification	-	(3,730)	82,289	3,100	-	-	1,035	82,694
Balance at December 31, 2019	\$ 1,420,840	867,169	748,199	151,199	1,588	17,066	503,665	3,709,726
Depreciation and impairment loss:								
Balance at January 1, 2020	\$ -	123,376	537,384	124,401	1,132	14,884	248,762	1,049,939
Depreciation for the year	-	23,099	66,448	17,701	144	1,565	37,302	146,259
Disposals	-	-	(9,352)	(3,200)	-	-	(1,422)	(13,974)
Balance at December 31, 2020	\$ -	146,475	594,480	138,902	1,276	16,449	284,642	1,182,224
Balance at January 1, 2019	\$ -	101,717	468,159	103,784	988	13,319	217,305	905,272
Depreciation for the year	-	21,969	69,435	20,617	144	1,565	35,769	149,499
Disposals	-	(621)	(210)	-	-	-	(4,312)	(5,143)
Reclassification	-	311	-	-	-	-	-	311
Balance at December 31, 2019	\$ -	123,376	537,384	124,401	1,132	14,884	248,762	1,049,939
Carrying amounts:								
Balance at December 31, 2020	\$ 1,420,840	724,560	217,203	14,125	312	617	232,675	2,610,332
Balance at December 31, 2019	\$ 1,420,840	743,793	210,815	26,798	456	2,182	254,903	2,659,787
Balance at January 1, 2019	\$ 1,420,840	759,585	174,764	36,201	600	3,747	283,106	2,678,843

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(i) Disclosures on pledges

As of December 31, 2020 and 2019, the property, plant and equipment of the Company had been pledged as collateral for borrowings; please refer to Note 8.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2020 and 2019, capitalized borrowing costs related to the construction of the new plant amounted to \$816 and \$1,150, with a capitalization rate of 1.669% to 1.793% and 1.585% to 2.149%, respectively.

(i) Right-of-use assets

The Company leases many assets including buildings, vehicles, machinery and equipment. Information about leases for which the Company as a lessee was presented below:

	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Machinery and equipment</u>	<u>Total</u>
Costs:				
Balance at January 1, 2020	\$ 2,934	207	1,048	4,189
Additions	53	268	-	321
Balance at December 31, 2020	<u>\$ 2,987</u>	<u>475</u>	<u>1,048</u>	<u>4,510</u>
Balance at January 1, 2019	\$ -	207	-	207
Additions	2,934	-	1,048	3,982
Balance at December 31, 2019	<u>\$ 2,934</u>	<u>207</u>	<u>1,048</u>	<u>4,189</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	\$ 245	155	157	557
Depreciation for the year	985	141	209	1,335
Balance at December 31, 2020	<u>\$ 1,230</u>	<u>296</u>	<u>366</u>	<u>1,892</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	245	155	157	557
Balance at December 31, 2019	<u>\$ 245</u>	<u>155</u>	<u>157</u>	<u>557</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 1,757</u>	<u>179</u>	<u>682</u>	<u>2,618</u>
Balance at December 31, 2019	<u>\$ 2,689</u>	<u>52</u>	<u>891</u>	<u>3,632</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>207</u>	<u>-</u>	<u>207</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(j) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Company for the years ended December 31, 2020 and 2019 were as follows:

	Computer software	Development cost	Total
Costs:			
Balance at January 1, 2020	\$ 23,188	35,218	58,406
Additions	10,809	-	10,809
Acquisition internally developed	-	156,186	156,186
Reclassification	82	-	82
Disposal	(5,867)	-	(5,867)
Balance at December 31, 2020	<u>\$ 28,212</u>	<u>191,404</u>	<u>219,616</u>
Balance at January 1, 2019	\$ 31,503	-	31,503
Additions	14,359	-	14,359
Acquisition internally developed	-	35,218	35,218
Reclassification	1,191	-	1,191
Disposal	(23,865)	-	(23,865)
Balance at December 31, 2019	<u>\$ 23,188</u>	<u>35,218</u>	<u>58,406</u>
Amortization and Impairment Loss:			
Balance at January 1, 2020	\$ 9,133	-	9,133
Amortization for the year	10,781	-	10,781
Disposal	(5,867)	-	(5,867)
Balance at December 31, 2020	<u>\$ 14,047</u>	<u>-</u>	<u>14,047</u>
Balance at January 1, 2019	\$ 23,280	-	23,280
Amortization for the year	9,718	-	9,718
Disposal	(23,865)	-	(23,865)
Balance at December 31, 2019	<u>\$ 9,133</u>	<u>-</u>	<u>9,133</u>
Carrying amounts:			
Balance at December 31, 2020	<u>\$ 14,165</u>	<u>191,404</u>	<u>205,569</u>
Balance at December 31, 2019	<u>\$ 14,055</u>	<u>35,218</u>	<u>49,273</u>
Balance at January 1, 2019	<u>\$ 8,223</u>	<u>-</u>	<u>8,223</u>

The Company is dedicated to developing the new product, Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria to capitalize, and therefore capitalized relevant development cost and amortized in 4 years after the capitalized period ended. For the year ended December 31, 2020, the Company capitalized \$191,404 thousand.

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BIONIME CORPORATION
Notes to the Financial Statements

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Operating costs	<u>\$ 467</u>	<u>82</u>
Operating expenses	<u>\$ 10,314</u>	<u>9,636</u>

(ii) Disclosures on pledges

As of December 31, 2020 and 2019, none of the intangible assets of the Company had been pledged as collateral.

(k) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial assets:		
Other current financial assets	<u>\$ 200</u>	<u>-</u>
Other Current assets:		
Overpaid sales tax	\$ 5,407	5,188
Temporary payments	3,056	3,208
Others	<u>799</u>	<u>753</u>
	<u>\$ 9,262</u>	<u>9,149</u>
Other non-current assets:		
Other non-current assets — other	<u>\$ 53,758</u>	<u>-</u>

(i) Other financial assets-current are the time deposits which are over three months of original expiry date. For the collateral pledged status, please refer to note 8.

(ii) For further credit risk information, please refer to note 6(y).

(iii) Other non-current assets-other mainly consist of prepayment of royalties to GE company, for further contract details please refer to note 9(b).

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BIONIME CORPORATION
Notes to the Financial Statements

(l) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

December 31, 2020			
	Guarantee or acceptance institution	Range of interest rate (%)	Amounts
Commercial paper payable	Unsecured commercial paper	1.13%	\$ 40,000
Less: Discount on short-term notes and bills payable			(50)
Total			<u>\$ 39,950</u>

December 31, 2019			
	Guarantee or acceptance institution	Range of interest rate (%)	Amounts
Commercial paper payable	Unsecured commercial paper	1.15%~1.18%	\$ 200,000
Less: Discount on short-term notes and bills payable			(225)
Total			<u>\$ 199,775</u>

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 383,349	175,275
Secured bank loans	100,000	290,524
	<u>\$ 483,349</u>	<u>465,799</u>
Unused credit line	<u>1,057,151</u>	<u>884,201</u>
Range of Interest rates	<u>0.6086%~2.8938%</u>	<u>0.6716%~3.9642%</u>

For the collateral pledged for short-term borrowings, please refer to note 8.

(n) Other current liabilities

The details were as follows:

	December 31, 2020	December 31, 2019
Contract liability	\$ 13,581	1,228
Temporary receipts	536	8,258
Others	39	-
	<u>\$ 14,156</u>	<u>9,486</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(o) Long-term borrowings

The details were as follows:

December 31, 2020				
	Currency	Interest rates	Maturity year	Amount
Secured bank loans	TWD	1.00%	2023~2030	\$ 1,422,125
Unsecured bank loans	TWD	1.20%	2021	50,000
Less: current portion				(304,833)
Total				<u><u>\$ 1,167,292</u></u>
Unused credit line				<u><u>\$ -</u></u>

December 31, 2019				
	Currency	Interest rates	Maturity year	Amount
Secured bank loans	TWD	1.25%	2023~2030	\$ 1,122,792
Unsecured bank loans	TWD	1.20%	2021	\$ 50,000
Less: current portion				(200,667)
Total				<u><u>\$ 972,125</u></u>
Unused credit line				<u><u>\$ -</u></u>

Property, plant and equipment are pledged as collateral for long-term borrowings, please refer to note 8.

(p) Lease liabilities

The lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	<u><u>\$ 1,343</u></u>	<u><u>1,225</u></u>
Non-current	<u><u>\$ 1,280</u></u>	<u><u>2,413</u></u>

For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss was as follows:

	For the year ended December 31, 2020	2019
Interest on lease liabilities	<u><u>\$ 38</u></u>	<u><u>19</u></u>
Expenses relating to short-term leases	<u><u>\$ 6,093</u></u>	<u><u>6,296</u></u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the year ended December 31, 2020	2019
Total cash outflow for leases	<u><u>\$ 7,455</u></u>	<u><u>6,866</u></u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(i) Real estate leases

As of December 31, 2020, the Company leases warehouses, machinery and vehicles. The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension or cancellation options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company has some trivial leases with contract terms of one year. These leases are shortterm or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee Benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ 3,919	4,090
Fair value of plan assets	\$ (4,371)	(4,075)
Net defined benefit liabilities (assets)	<u><u>\$ (452)</u></u>	<u><u>15</u></u>

The Company's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Short-term vacation liability	<u><u>\$ 7,848</u></u>	<u><u>9,371</u></u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$4,371 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of defined benefit obligations for the Company were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligation at January 1	\$ 4,090	3,628
Current service costs and interest cost	45	49
Remeasurements loss (gain):		
Actuarial loss (gain) arising from:		
— financial assumptions	<u>(216)</u>	<u>413</u>
Defined benefit obligations at December 31	<u><u>\$ 3,919</u></u>	<u><u>4,090</u></u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 4,075	3,640
Interest income	46	50
Contributions paid by the employer	150	254
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	<u>100</u>	<u>131</u>
Fair value of plan assets at December 31	<u><u>\$ 4,371</u></u>	<u><u>4,075</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2020</u>	<u>2019</u>
Net interest of net liabilities for the defined benefit obligations	<u>\$ (1)</u>	<u>-</u>
Administration expenses	<u><u>\$ (1)</u></u>	<u><u>-</u></u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

5) Actuarial assumptions

The Company's principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.90%	1.10%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$150.

The weighted average lifetime of the defined benefit plans is 21.7 years.

6) Sensitivity analysis

As of December 31, 2020 and 2019, the impact on the present value of the defined benefit obligation, due to the change in actuarial assumption, was as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2020		
Discount rate	\$ (201)	214
Future salary increasing rate	909	(739)
	<u>Influences of defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2019		
Discount rate	\$ (202)	214
Future salary increasing rate	915	(740)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined benefit plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company paid a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of \$2,061 and \$945 for the years ended December 31, 2020 and 2019, respectively, were transferred to intangible assets as they were eligible for capitalization, please refer to note 6(j), and the remaining pension costs are \$21,035 and \$18,891 separately.

(r) Income Taxes

(i) Income Tax Expense

The Company of income tax in the years 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period	\$ -	19,020
Adjustment for prior periods	(7,911)	3,450
5% surtax on un-distributed earnings	9	4
	<u>(7,902)</u>	<u>22,474</u>
Deferred tax expense (gain)		
Origination and reversal of temporary differences	(25,373)	1,207
Income tax expense	<u><u>\$ (33,275)</u></u>	<u><u>23,681</u></u>

The amount of income tax recognized in other comprehensive income for years 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences translation	<u><u>\$ -</u></u>	<u><u>-</u></u>

Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows.

	<u>2020</u>	<u>2019</u>
Profit excluding income tax	<u><u>\$ 29,159</u></u>	<u><u>129,939</u></u>
Income tax using the Company' s domestic tax rate	\$ 5,832	25,988
Adjustment in tax rate	-	-
Non-deductible expenses	26	7
Book-tax income differences of the revenue and expense	(31,543)	(53)
Tax-exempt income	-	(1,783)
Investment income recognized under equity method	(7,757)	(4,441)
Changes in unrecognized temporary differences	8,069	509
Prior years income tax adjustment	(7,911)	3,450
Surtax on undistributed earnings	9	4
	<u><u>\$ (33,275)</u></u>	<u><u>23,681</u></u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	\$ 12,114	4,045

The entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at December 31, 2020 and 2019. Also, the management considers it is possible that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 270,923	293,624
Unrecognized deferred tax assets	\$ 54,185	58,725
2) Unrecognized deferred tax liabilities		

The entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as at December 31, 2020 and 2019. Also the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 27,902	11,817
Unrecognized deferred tax liabilities	\$ 5,580	2,363

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred Tax Assets:

	Unrealized loss on inventory obsolescence	Unrealized foreign exchange loss	Unrealized inter-company profits resulting from sales to affiliated companies	Operating loss carryforward	Total
Balance at January 1, 2020	\$ 2,023	274	602	-	2,899
Recognized in profit or loss	1,868	(274)	3,264	20,582	25,440
Balance at December 31, 2020	\$ 3,891		3,866	20,582	28,339
Balance at January 1, 2019	\$ 2,580	-	1,790	-	4,370
Recognized in profit or loss	(557)	274	(1,188)	-	(1,471)
Balance at December 31, 2019	\$ 2,023	274	602	-	2,899

Deferred Tax Liabilities:

	Unrealized foreign exchange gain	Others	Total
Balance at January 1, 2020	\$ -	96	96
Recognized in profit or loss	36	31	67
Balance at December 31, 2020	\$ 36	127	163
Balance at January 1, 2019	\$ 315	45	360
Recognized in profit or loss	(315)	51	(264)
Balance at December 31, 2019	\$ -	96	96

(iii) Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the Tax Authority.

(s) Capital and Other Equity

As of December 31 2020 and 2019, the numbers of authorized ordinary shares were 100,000 thousand shares (2019: 70,000 thousand shares), with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$1,000,000 (2019: \$700,000) (and of which \$60,000 was reserved for the exercising of employee share options for each year). As of the date, 61,756 (2019: 59,670) of ordinary thousand shares amounted to \$617,558 (2019: \$596,698) were issued.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(in thousands of shares)

	Ordinary Shares	
	2020	2019
Balance on January 1	59,670	59,447
Exercise of share options	2,086	223
Balance on December 31	61,756	59,670

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(i) Ordinary shares

The Company issued 836,000, 338,000, 191,000 and 62,500 new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$47.7, \$49.4, \$46.4 and \$48.0 per share, with the carrying values of \$39,877, \$16,229, \$8,865 and \$3,000, respectively, in 2020.

Among the shares exercised, 804,000 shares and 182,000 shares had the exercise prices of \$47.7 and \$49.4, respectively, which were registered on May 18, 2020. In addition, 190,000 shares and 44,000 shares had the exercise prices of \$46.4 and \$48.0, which were registered on October 19, 2020. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$9,702 thousand from the remaining 207,500 unregistered shares had been collected for the year ended December 31, 2020. The Company had received the approval from the Financial Supervisory Commission for the above capital increase, with the base date set on March 9, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

The Company issued 35,000, 19,000, 169,000 and 866,000 new shares for its employee stock options, with a par value of \$10 per share. The shares were exercised at \$49.7, \$49.7, \$47.7 and \$47.7 per share, with the carrying values of \$1,740, \$944, \$8,061 and \$41,308, respectively, in 2019.

Among the shares exercised, 35,000, 19,000 and 169,000 shares were registered on June 20, June 30 and November 11, 2019, respectively. The payment for all of the above shares have been received as of the reporting date. The amount of \$41,308 thousand from the remaining 866,000 unregistered shares had been collected \$41,308 for the year ended December 31, 2019. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Share capital	\$ 1,260,743	1,211,097
Employee share options	48,865	37,654
Expired options	92,683	88,360
The variation of ownership recognized in the subsidiary	15	15
	<u>\$ 1,402,306</u>	<u>1,337,126</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase by transferring the capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

The Company has determined to distribute \$29,073 thousand as cash dividends out of APIC (Additional Paid-In Capital) on June 30, 2020 with approval subjected to the stockholders' meeting.

(iii) Retained Earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend cannot be less than 5% of the total dividends distributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

During the earnings of distribution, the amount to be reclassified as a special reserve (which does not qualify for earnings distribution) should be equal to the total net current-period reduction of other shareholders' equity in accordance with the regulation of Taiwan Stock Exchange Authority. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balance of the special reserve amounted to \$6,962 thousand and \$1,383 thousand for the years ended December 31, 2020 and 2019, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on March 13, 2020 and March 11, 2019. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.51	<u>89,591</u>	2.00	<u>114,894</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

The amounts of cash dividends on the appropriations of earnings for 2020 had been approved during the board meeting and shareholders' meeting on March 19, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2020	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	\$ 0.83	<u>51,578</u>

(iv) Treasury shares

As of December 31, 2020, a total of 2,000 thousand shares of the Company have not yet been cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of June 30 2017, the Company could repurchase no more than 6,345 thousand shares, with a total value of no more than \$1,773,235.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

(v) Other equity interests (net-of-taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2020	\$ (11,007)
Exchange differences on foreign operations	(4,543)
Balance at December 31, 2020	<u><u>\$ (15,550)</u></u>
Balance at January 1, 2019	\$ (5,500)
Exchange differences on foreign operations	(5,507)
Balance at December 31, 2019	<u><u>\$ (11,007)</u></u>

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BIONIME CORPORATION
Notes to the Financial Statements

(t) Share-Based Payment

(i) Employee stock options

As of December 31, 2020, details of the Employee Stock Option Plans (“ESOP”) issued by the company were as follows:

	2017 ESOP	2018 ESOP	2019 ESOP
Grant date	2017.1.13	2018.1.2	2019.11.5
Units issued	3,000,000	1,000,000	2,930,000
Term of grant	2017.1.13~2019.1.12	2018.1.2~2020.1.1	2019.11.5~2024.11.4
Grant object	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries
Vesting conditions	Services of the next two years	Services of the next two years	Services of the next two years

1) Determining the fair value of equity instruments granted

The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2020		
	2017 ESOP	2018 ESOP	2019 ESOP
Fair value at grant date	\$16.07~\$17.35	\$15.34~\$16.56	\$22.53~\$25.83
Share price at grant date	56.9	55.4	60.2
Exercise price	46.4	48.0	58.5
Expected volatility(%)	40.70%	40.10%	38.50%
Expected life (years)	four years	four years	ten years
Expected dividend	-	-	-
Risk-free interest rate(%)	0.66%~0.70%	0.47%~0.51%	0.54%
	2019		
	2017 ESOP	2018 ESOP	2019 ESOP
Fair value at grant date	\$16.07~\$17.35	\$15.34~\$16.56	\$22.53~\$25.83
Share price at grant date	56.9	55.4	60.2
Exercise price	47.7	49.4	60.2
Expected volatility(%)	40.70%	40.10%	38.50%
Expected life (years)	Four years	four years	ten years
Expected dividend	-	-	-
Risk-free interest rate(%)	0.66%~0.70%	0.47%~0.51%	0.54%

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Company determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, which are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

	2020		2019	
(in dollars)	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>
Outstanding at January 1	\$ 55.45	4,880,000	50.90	3,267,000
Granted during the year (number)		-		2,930,000
Forfeited during the year (number)		(292,000)		(161,000)
Exercised during the year (number)		1,427,500		(1,089,000)
Expired during the year (number)		<u>(500)</u>		<u>(67,000)</u>
Outstanding at December 31	56.87	<u>3,160,000</u>	55.45	<u>4,880,000</u>
Exercisable at December 31		<u>3,160,000</u>		<u>4,880,000</u>

(ii) Employee recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2020 and 2019 were as follows:

	2020	2019
Expenses resulting from granted employee share options	<u>\$ 15,535</u>	<u>13,697</u>

(u) Earnings per Share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31 2020 and 2019 were based on the profit attributable to ordinary shareholders of the Company amounting to \$62,434 thousand and \$106,258 thousand, respectively; and the weighted average number of ordinary shares outstanding of 59,176 thousand shares and 57,499 thousand shares, respectively, were calculated as follows:

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

1) Profit attributable to ordinary shareholders of the Company

	<u>2020</u>	<u>2019</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>62,434</u>	<u>106,258</u>

2) Weighted average number of ordinary shares

	<u>2020</u>	<u>2019</u>
Weighted-average number of ordinary shares at December 31	\$ <u>59,176</u>	<u>57,499</u>

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 were based on profit attributable to ordinary shareholders of the Company amounting to \$62,434 thousand and \$106,258 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,376 thousand shares and 58,777 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2020</u>	<u>2019</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>62,434</u>	<u>106,258</u>

2) Weight-average number of ordinary shares (diluted)

	<u>2020</u>	<u>2019</u>
Weighted-average number of ordinary shares (basic)	59,176	57,499
Effect of dilutive potential ordinary shares		
Effect of issuance of employee share options	1,128	973
Effect of employee share bonus	72	305
Weighted-average number of ordinary shares (diluted) at December 31	<u>60,376</u>	<u>58,777</u>

(v) Revenue from contracts with customers

Disaggregation of revenue

	<u>2020</u>	<u>2019</u>
<u>Primary geographical markets</u>		
Algeria	\$ 251,468	428,536
Switzerland	235,501	287,012
China	158,956	334,627
United State	139,932	143,555
Egypt	96,809	77,203
Other	719,287	782,429
	<u>\$ 1,601,953</u>	<u>2,053,362</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
<u>Major products</u>		
Meter and Strips	<u>\$ 1,601,953</u>	<u>2,053,362</u>

The Company estimated its sales returned and sales discount and less from the sales revenue, according to the historical experience and other reasons.

(w) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$22,000 and \$19,000 and directors and supervisors remuneration amounting to \$500, and \$4,000 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2020 and 2019.

(x) Non-operating Income and Expenses

(i) interest income

The details of interest income for the years 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 166</u>	<u>387</u>

(ii) Other income

The details of other income for the years 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Rent income	\$ 548	-
Other income — others	17,809	12,823
	<u>\$ 18,357</u>	<u>12,823</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(iii) Other gains and losses

The details of other gains and losses for the years 2020 and 2019 were as follows:

	2020	2019
Foreign exchange gains (losses)	\$ 1,342	(553)
Gains on disposals of property, plant and equipment	169	179
Profit of lease modification	12	-
Gains on disposals of investments	-	8
	<u>\$ 1,523</u>	<u>(366)</u>

(iv) Finance costs

The details of financial costs for the years 2020 and 2019 were as follows:

	2020	2019
Interest expenses-bank loans	\$ (21,125)	(30,799)
Interest of lease liabilities	(38)	(19)
	<u>\$ (21,163)</u>	<u>(30,818)</u>

(y) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk mainly derived from the carrying amount of financial assets recognized in the balance sheet which were \$740,565 and \$1,004,977 respectively, as of December 31, 2020 and 2019.

2) Concentration of credit risk

The major clients of Company are concentrated in medical instruments market. To minimize credit risk, the Company periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the accounts receivable and recognizes an allowance for impairment. The impairment loss is within management's expectation. As of December 31, 2020 and 2019, 60% and 64%, respectively, of trade receivables were comprised of five customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6(d) and note 6 (k).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (f).

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 -2 years</u>	<u>2 -5 years</u>	<u>Over 5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,522,125	1,537,426	358,462	328,923	606,968	243,073
Unsecured bank loans	433,349	437,245	437,245	-	-	-
Short-term notes and bills payable	39,950	40,000	40,000	-	-	-
Notes and trade payables (including related parties)	145,257	145,257	145,257	-	-	-
Other payables (including related parties)	226,646	226,646	226,646	-	-	-
Payable on machinery and equipment	12,894	12,894	12,894	-	-	-
Lease liabilities (Current and Non-Current)	2,623	2,652	1,363	1,019	270	-
	<u>\$ 2,382,844</u>	<u>2,402,120</u>	<u>1,221,867</u>	<u>329,942</u>	<u>607,238</u>	<u>243,073</u>
December 31, 2019						
Non-derivative financial liabilities						
	\$					
Secured bank loans	\$ 1,413,316	1,435,115	501,463	203,175	435,502	294,975
Unsecured bank loans	225,275	229,056	178,456	50,600	-	-
Short-term notes and bills payable	199,775	200,000	200,000	-	-	-
Notes and trade payables (including related parties)	147,993	147,993	147,993	-	-	-
Other payables (including related parties)	185,731	185,731	185,731	-	-	-
Payable on machinery and equipment	16,793	16,793	16,793	-	-	-
Lease liabilities (Current and Non-Current)	3,638	3,707	1,262	1,212	1,233	-
	<u>\$ 2,192,521</u>	<u>2,218,395</u>	<u>1,231,698</u>	<u>254,987</u>	<u>436,735</u>	<u>294,975</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

		December 31, 2020			December 31, 2019		
		Foreign currency	Exchange rates	TWD	Foreign currency	Exchange rates	TWD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	USD	14,827	28.10	416,639	USD 22,642	30.00	679,260
EUR	EUR	3,161	34.53	109,149	EUR 2,885	33.61	96,965
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	USD	11,725	28.10	329,473	USD 16,189	30.00	485,670
EUR	EUR	2,197	34.53	75,862	EUR 2,073	33.61	69,674

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the TWD against the USD and the EUR as of December 31, 2020 and 2019, would have (decreased) increased the net profit after tax by \$482 and \$883, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kind of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2020 and 2019, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$1,342 and \$(553), respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

If the interest rate had increased / decreased by 0.5%, the Company' s net income would have increased by \$7,822 and \$6,554 for the year ended December 31, 2020 and 2019, respectively with all other variable factors remaining constant. This is mainly due to the Company' s borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2020			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks unlisted companies	\$ 36,100	-	-	36,100	36,100
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 266,706	-	-	-	-
Notes and trade receivable (including related parties)	469,008	-	-	-	-
Other receivables (including related parties)	4,851	-	-	-	-
Other financial assets-current	200	-	-	-	-
	740,765	-	-	-	-
	\$ 776,865	-	-	36,100	36,100
Financial liabilities at amortized cost					
Short-term borrowings	\$ 483,349	-	-	-	-
Short-term notes and bills payable	39,950	-	-	-	-
Notes and trade payables, and other payables (including related parties)	371,903	-	-	-	-
Payable on machine and equipment	12,894	-	-	-	-
Lease liabilities (Current and Non-current)	2,623	-	-	-	-
Long-term borrowings, including current portion	1,472,125	-	-	-	-
	\$ 2,382,844	-	-	-	-

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BIONIME CORPORATION
Notes to the Financial Statements

	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks unlisted companies	\$ 36,100	-	-	36,100	36,100
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 263,052	-	-	-	-
Notes and trade receivables (including related parties)	737,036	-	-	-	-
Other receivables (including related parties)	4,889	-	-	-	-
	1,004,977	-	-	-	-
	<u>\$ 1,041,077</u>	<u>-</u>	<u>-</u>	<u>36,100</u>	<u>36,100</u>
Financial liabilities at amortized					
Short-term borrowings	\$ 465,799	-	-	-	-
Short-term notes and bills payable	199,775	-	-	-	-
Notes and trade payables, and other payables (including related parties)	333,724	-	-	-	-
Payable on machine and equipment	16,793	-	-	-	-
Lease liabilities (Current and Non-current)	3,638	-	-	-	-
Long-term borrowings, including current portion	1,172,792	-	-	-	-
	<u>\$ 2,192,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value :

The Company' s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities measured at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2020 and 2019.

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BIONIME CORPORATION
Notes to the Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity	instruments
Opening balance, January 1, 2020(i.e. December 31, 2020)	\$	36,100
Opening balance, January 1, 2019	\$	30,100
Purchased		6,000
Ending balance, December 31, 2019	\$	36,100

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value is "fair value through other comprehensive income – equity investments" .

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — equity investments without an active market	Discounted Cash Flow Method	- Forecast annual revenue growth rate (December 1, 2020 ; 25%~100%) - Weight average capital cost (December 31, 2020 ; 9.50%)	- the annual revenue growth rate were higher, the fair value were higher - the weight average capital cost were higher, the fair value were lower

(z) Financial Risk Management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company's policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2020, no guarantees were outstanding (2019: none).

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BIONIME CORPORATION
Notes to the Financial Statements

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company's unused credit lines were amounted to \$1,057,151 thousand and \$884,201 thousand, respectively.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the operating center.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily New Taiwan Dollars (TWD), EUR and US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are NTD, EUR, US Dollars (USD), and CNY.

2) Interest rate risk

The Company by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 1:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, reprising dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are :

- The effect of the counterparty and the Company's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- Differences in reprising dates between the swaps and the borrowings.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

3) Other market price risk

The Company is not exposed to equity price risk from its investments in equity securities.

(aa) Capital Management

The Company's objectives for managing capital to safeguard its capacity to continue to operate, and provide a return on shareholders, as well as to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2020, the Company's capital management strategy is consistent with that of the prior year as of December 31, 2019, and the debt to equity ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Company's debt to equity ratio at the end of the reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 2,402,076	2,358,815
Less: cash and cash equivalents	266,706	263,052
Net debt	<u>\$ 2,135,370</u>	<u>2,095,763</u>
Total equity	<u>\$ 2,065,627</u>	<u>2,042,577</u>
Total capital	<u>\$ 4,200,997</u>	<u>4,138,340</u>
Debt-to-equity ratio at 31 December	<u>50.83%</u>	<u>50.64%</u>

(ab) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

- (i) For right-of-assets under leases, please refer to note 6(p).

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2020	Cash flows	Non-cash changes			December 31,2020
			Additions	Foreign exchange movement	Profit of lease modification n	
Long-term borrowings	\$ 1,172,792	299,333	-	-	-	1,472,125
Short-term borrowings	465,799	12,201	-	5,349	-	483,349
Lease liabilities (current and non-current)	3,638	(1,324)	321	-	(12)	2,623
Total liabilities from financing activities	<u>\$ 1,642,229</u>	<u>310,210</u>	<u>321</u>	<u>5,349</u>	<u>(12)</u>	<u>1,958,097</u>

	January 1,2019	Cash flows	Non-cash changes			December 31,2019
			Foreign exchange movement			
Long-term borrowings	\$ 1,199,556	(26,764)	-			1,172,792
Short-term borrowings	638,335	(165,999)		(6,537)		465,799
Lease liabilities (current and non-current)	207	3,431	-			3,638
Total liabilities from financing activities	<u>\$ 1,838,098</u>	<u>(189,332)</u>		<u>(6,537)</u>		<u>1,642,229</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the financial statements.

<u>Name of related Party</u>	<u>Relationship with the Company</u>
Bionime Incorporated (B. V. I)	Subsidiary of the Company
Bionime GmbH	Subsidiary of the Company
Bionime USA Corporation	Subsidiary of the Company
Bionime Australia Pty Limited	Subsidiary of the Company
Bionime (Malaysia) Sdn Bhd	Subsidiary of the Company
Bionime (Shenzhen) Limited Company (Bionime Shenzhen)	Subsidiary of the Company
Bionime (Pingtan) Limited Company (Bionime Pingtan)	Subsidiary of the Company
Tonghua Dongbao Pharmaceutical Co.,Ltd. (Tonghua Dongbao)	Key management personnel
Shanghai Juyi Network Technology Co., Ltd. (Juyi)	Entity which is joint controlled by key management personnel
HUANG, CHUN-MU	Key management personnel

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to its related party were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 185,776	155,035
Key management personnel of the Company		
-Tonghua Dongbao	<u>56,915</u>	<u>236,012</u>
	<u>\$ 242,691</u>	<u>391,047</u>

The price given to the related-party is not comparable to other non-related products due to product characteristics. The general customer's collection term is about 45 to 120 days, or advance sales receipts, Bionime Incorporated (B. V. I), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn Bhd and Huaguang Biological Technology (Pingtan) Limited Company were approximately 90 days, 60 days, 120 days, 120 days, 90 days and 90 days, respectively, the key management personnel of the Company of the collection conditions is advance sales receipts or 180 days from the end of the month of when the invoice is issued.

(ii) Purchases

The amounts of purchases by the Company from related parties were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiary	<u>\$ 2,878</u>	<u>3,443</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 90 days.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade receivables	Subsidiary	\$ 82,518	41,032
Trade receivables	Key management personnel of the Company-Tonghua Dongbao		69,039
Other receivables	Subsidiary:		
	Bionime Shenzhen	79	378
	Others	<u>3</u>	<u>3</u>
		<u>\$ 82,600</u>	<u>110,452</u>

As of December 31, 2020 and December 31, 2019, the expenses of the Company for the subsidiaries were \$82 thousand and \$381 thousand (account for other receivables - related party).

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trade payables	Subsidiary	\$ 375	1,575
Other payables	Subsidiary:		
	Bionime GmbH	20,512	19,240
	Bionime Pingtan	343	249
Other payables	Key management personnel of the company—Tonghua Dongbao	10,458	24,012
	Other related parties—Juyi	-	2,187
		<u>\$ 31,688</u>	<u>47,263</u>

(v) Others (account for other current liabilities)

The others to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Temporary receipts	Subsidiary	\$ 227	227
Advance sales receipts	Key management personnel of the Company	8,633	4
		<u>\$ 8,860</u>	<u>231</u>

(vi) Other Related Parties

1) The service fees paid by the Company were as follows

	<u>2020</u>	<u>2019</u>
Bionime GmbH	\$ 26,262	29,027
Bionime Pingtan	-	24,456
Other related parties—Juyi	21,842	23,235
	<u>\$ 48,104</u>	<u>76,718</u>

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BIONIME CORPORATION
Notes to the Financial Statements

- 2) The company sold equipment to subsidiaries in 2015, and disposed of the price and disposal benefits were \$2,078 and \$1,455 respectively, and deferred recognition of unrealized disposal benefits were \$1,455. In 2020 and 2019, the amortization of assets based on the useful life of the assets was recognized as the realized gain of assets for sale was \$179. For more details information on Property, plant and equipment, please refer to Note 6(h).
- 3) The sales expense were \$0 and \$3,960 in 2020 and 2019, respectively, which caused by signing contract with key management personnel of the Company-Tonghua Dongbao was under selling expenses.
- 4) The company entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	\$ 6,955	15,790
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
	<u>\$ 6,955</u>	<u>15,790</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Property, plant and equipment	Guarantee for bank loans	\$ 2,145,399	2,164,632
Other financial assets-current	Purchase deposit	200	-
		<u>\$ 2,145,599</u>	<u>2,164,632</u>

(9) Significant commitments and contingencies

(a) Unrecognized contractual commitments are as follows:

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	<u>\$ 20,184</u>	<u>18,456</u>

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(b) Contingencies

- (i) The Company had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non current assets.
- (ii) The Company signed a long term sales contract with Tonghua Dongbao Pharmaceutical Co., Ltd. (Tonghua Dongbao) in August 2015, and designated Tonghua Dongbao as the exclusive distributor across Mainland China, with the Company' s authorization. The contract specifies the minimum amount Tonghua Dongbao is required to purchase annually from the Company from 2016 to 2020, and the amount Tonghua Dongbao will have to compensate the Company for any loss due to the insufficient purchase amount.

Due to the impact of COVID 19 pandemic in 2020, the sales in Mainland China had slowed down. Therefore, the Company negotiated to revise the contract with terms of reducing the minimum purchase quantity with Tonghua Dongbao, and withdrew the exclusive sales right of some models of Tonghua Dongbao starting from July 1, 2020. In addition, the subsidiary, Huaguang Biological Technology (Pingtan) Limited Company, has been delegated to buy back the remaining unsold exclusive models, and sell them to customers in China.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:None.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(12) Other

A summary of current-period employee benefits, depreciation, depletion, and amortization, by function, is as follows:

By function By item	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	306,949	188,840	495,789	287,809	209,435	497,244
Labor and health insurance	30,001	17,207	47,208	25,586	16,932	42,518
Pension	12,620	8,415	21,035	10,642	8,249	18,891
Remuneration of directors	-	1,333	1,333	-	3,010	3,010
Others	18,704	12,525	31,229	16,446	13,979	30,425
Depreciation	115,787	31,807	147,594	111,686	38,370	150,056
Amortization	467	10,314	10,781	82	9,636	9,718

The additional information of the numbers of employee and employee benefits in 2020 and 2019 were as follows :

	December 31, 2020	December 31, 2019
The number of employees	<u>987</u>	<u>897</u>
Directors were not serving as employees	<u>6</u>	<u>5</u>
Average of employee benefits	<u>\$ 607</u>	<u>660</u>
Average of employee salary expenses	<u>\$ 505</u>	<u>557</u>
Adjustment of the average of employee salary expenses	<u>(9.34)%</u>	<u></u>
Remuneration of supervisors	<u>573</u>	<u>1,293</u>

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

- (a) Ensure that the Company's salary and remuneration arrangements comply with the relevant laws and regulations and are sufficient to attract the best talent.
- (b) The performance evaluation and salary of directors, supervisors and managers shall be based on the competitors of the same industry standard, taking into account the results of the individual's performance evaluation, the time dedicated to the Company, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, the salary and remuneration of the same peer salary level in recent year, the reasonableness of the connection between individual performance and the Company's operating performance and future risks as assessed by the achievement of the Company's short term and long term business objectives and the Company's financial position.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

- (c) Directors and managers should not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of the salary and remuneration.
- (d) The percentage of remuneration for short term performance of directors and senior managers, and the timing of payment of some variable salary and remuneration, shall be determined by considering the characteristics of the industry and the nature of the Company's business.
- (e) The content and amount of remuneration to directors, supervisors and managers should be reasonable, and the determination of remuneration to directors, supervisors and managers should not be materially different from that of the financial performance.

If there is a significant decline in profits or a long term loss, the salary should not be higher than the previous year. Otherwise, an explanation of reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.

- (f) The remuneration to employees is based on their academic qualifications and duties in accordance with the standards of the Company's employee salary grade and additional pay statement of the job title.

(13) Other disclosures

- (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

- (i) Loans to other parties:None
- (ii) Guarantees and endorsements for other parties:None
- (iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The company	Ordinary-Bo nraybio Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	960	36,100	7.51%	30,100	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Bionime (Pingtan) Limited Company	Subsidiary	Sale	102,041	6.37%	net 90 days from the end of the month of when the invoice issued	No comparison	net 90 days from the end of the month of when the invoice issued	69,444	14.81%	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

- (ix) Trading in derivative instruments: None

- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Bionime GmbH	Switzerland	Merchandise trading	CHF300	CHF300	Note1	100%	21,243	1,159	1,159	Note4
The company	Bionime Incorporated (B.V.I)	British Virgin Islands	Investing and holding	USD3,090	USD3,090	3.09	100%	88,341	19,188	19,188	Note4
The company	Bionime USA Corporation	America	Merchandise trading	USD11,150	USD11,150	1,115	100%	67,901	16,227	16,227	Note4
The company	Bionime Australia Pty Limited	Australia	Merchandise trading	AUD350	AUD350	Note2	100%	(22)	99	99	Note4
The company	Bionime (Malaysia) Sdn.Bhd	Malaysia	Merchandise trading	MYR1,046	MYR1,046	Note3	66.06%	9,220	3,199	2,113	Note4

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

The transactions mentioned above have been eliminated upon consolidation.

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow				Highest Percentage of ownership			
Bionime (Shenzhen) Limited Company	Merchandise trading	US\$2,300	Note1	US\$850	-	-	US\$850	20,123 (Note3)	100%	100%	20,123	92,274	US\$2,087 (NT\$63,084)
Bionime (Pingtan) Limited Company	Merchandise trading and manufacturing	RMB\$20,000	Note2	-	-	-	-	28,437 (Note3)	100%	100%	28,437	80,506	-

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$850 (NT\$ 27,520)	US\$ 2,300 (NT\$ 70,863)	NT\$1,239,376

Note 1: The investment method is to establish a company to invest in mainland companies through investment in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized base on the audited financial statement.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidation financial statements. Please refer to "Information on significant transactions" of consolidation financial statements.

(d) Major shareholders

Shareholder' s Name	Shareholding	Shares	Percentage
Tonghua Dongbao Pharmaceutical Co., Ltd.		12,000,000	19.36%
Hua Eng Wire And Cable Co., Ltd.		7,807,900	12.60%
Ypsomed Holding AG		3,190,250	5.14%

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

(14) Disclosures required for securities firm investing in countries or regions without securities authority:

Please refer to 2020 consolidated financial report.

(Continued)

BIONIME CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>
Cash	Petty cash and cash on hand			\$ 1,399
Cash in bank	Demand deposit			207,253
	Foreign currencies — USD	1,064,825.85	28.10	
	Foreign currencies — EUR	678,584.9	34.53	
	Foreign currencies — CHF	3,194.75	31.86	
	Foreign currencies — AUD	184,276.87	21.64	
	Foreign currencies — JPY	145	0.27	
	Foreign currencies — CNY	108,264.62	4.32	
	Foreign currencies — SGD	6,753.74	21.25	58,054
				<u>\$ 266,706</u>

BIONIME CORPORATION
Statement of Notes and Trade Receivables
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
Notes receivable— Non-Related Parties		
TWGT54	Operating	\$ 3,300
TWGT58	Operating	2,925
TWGK11	Operating	1,492
Others (Note2)	Operating	3,837
		<u>11,554</u>
Trade receivable— Related Parties		
Bionime (Pingtan) Limited Company	Operating	69,444
Bionime (MALAYSIA) Sdn Bhd.	Operating	7,972
Bionime USA Corporation	Operating	5,102
		<u>82,518</u>
Trade receivable— Non-Related Parties		
AFDZ01	Operating	107,406
AFEG01	Operating	55,213
WECH03	Operating	38,302
MEAE04	Operating	31,541
AFMA01	Operating	28,509
EEHR01	Operating	21,928
EEBY01	Operating	19,242
Others (Note2)	Operating	108,850
		<u>410,991</u>
Less : Loss allowance		<u>(36,055)</u>
		<u>374,936</u>
		<u>\$ 469,008</u>

Note1 : Due to contract agreement, revealed by code.

Note2 : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION

Statement of Other Receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other Receivables	Other Receivables	\$ 1,629
	Tax Refund Receivables	<u>3,140</u>
		<u>\$ 4,769</u>

Statement of Inventories

	<u>Amount</u>		
<u>Item</u>	<u>Cost</u>	<u>Net realizable value</u>	<u>Note</u>
Finished goods	\$ 61,843	122,796	Price by realizable value
Work in process	319,832	542,313	Price by realizable value
Materials	<u>115,258</u>	<u>113,926</u>	Price by realizable value
	496,933	<u>779,035</u>	
Less : Loss allowance	<u>(38,913)</u>		
	<u>\$ 458,020</u>		

BIONIME CORPORATION
Statement of Prepayments and other current assets
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments to purchases	Prepayments to Suppliers	\$ 38,569
Other prepaid expenses	Prepaid insurance	3,877
Other prepayments — current	Prepaid royalty	7,550
	Others	<u>1,938</u>
		<u>51,934</u>
Other current assets	Overpaid sales tax	5,407
	Temporary payments	3,056
	Others (Note)	<u>799</u>
		<u>9,262</u>
		<u>\$ 61,196</u>

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Investment gains and losses recognized by the equity method		Translation adjustment		Others (Note)		Ending Balance (with foreign currency translation adjustment)		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Percentage of ownership	Amount	
Bionime GmbH	-	\$ 19,525	-	-	-	-	-	1,159	-	559	-	-	100	21,243	None
Bionime Incorporated(B.V.I)	3.09	85,607	-	-	-	-	-	19,188	-	(445)	(16,009)	-	100	88,341	"
Bionime USA Corporation	1,115	55,432	-	-	-	-	-	16,227	-	(4,274)	516	-	100	67,901	"
Bionime Australia Pty Limited	-	(124)	-	-	-	-	-	99	-	3	-	-	100	(22)	"
Bionime (Malaysia) Sdn Bhd	-	8,318	-	-	-	-	-	2,113	-	(386)	(825)	-	66.06	9,220	"
		<u>\$ 168,758</u>		<u>-</u>		<u>-</u>		<u>38,786</u>		<u>(4,543)</u>	<u>(16,318)</u>			<u>186,683</u>	

Note : Unrealized Sales income changes.

BIONIME CORPORATION
Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Reclassification (Note)</u>	<u>Ending Balance</u>	<u>Collateral</u>
Cost :						
Land	\$ 1,420,840	-	-	-	1,420,840	Please refer to Note 8
Building and structures	867,169	3,866	-	-	871,035	"
Machinery equipment	748,199	50,161	9,352	22,675	811,683	-
Molding equipment	151,199	3,334	3,200	1,694	153,027	-
Transportation equipment	1,588	-	-	-	1,588	-
Leasehold Improvements	17,066	-	-	-	17,066	-
Office and other equipment	<u>503,665</u>	<u>14,541</u>	<u>1,432</u>	<u>543</u>	<u>517,317</u>	-
	<u>3,709,726</u>	<u>71,902</u>	<u>13,984</u>	<u>24,912</u>	<u>3,792,556</u>	
Accumulated Depreciation :						
Building and structures	123,376	23,099	-	-	146,475	
Machinery equipment	537,384	66,448	9,352	-	594,480	
Molding equipment	124,401	17,701	3,200	-	138,902	
Transportation equipment	1,132	144	-	-	1,276	
Leasehold Improvements	14,884	1,565	-	-	16,449	
Office and other equipment	<u>248,762</u>	<u>37,302</u>	<u>1,422</u>	<u>-</u>	<u>284,642</u>	
	<u>1,049,939</u>	<u>146,259</u>	<u>13,974</u>	<u>-</u>	<u>1,182,224</u>	
	<u>\$ 2,659,787</u>	<u>(74,357)</u>	<u>10</u>	<u>24,912</u>	<u>2,610,332</u>	

Note : Prepayment for equipment and Inventory reclassification for 24,369 thousand and 543 thousand, respectively.

BIONIME CORPORATION
Statement of Refundable Deposit
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Refundable Deposit	Rental deposit	<u>\$ 2,150</u>

BIONIME CORPORATION

Statement of changes in Intangibles Assets

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Internal Development</u>	<u>Amortization</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Computer software	\$ 14,055		-			
Developmnet cost	352,118			-	-	
	<u>\$ 366,173</u>					

Statement of short-term borrowings

December 31, 2020

<u>Creditors</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of interest rate</u>	<u>Bank of Credit Line</u>	<u>Collateral</u>
Bank A	Pledge loan	\$ 100,000	Less one year	1.07989%	300,000	Land, Building and Structures
Bank A	Unsecured loan	144,594	"	0.7871%~2.7744%	300,000	None
Bank B	"	136,515	"	0.8%~2.6441%	250,000	"
Bank C	"	21,265	"	0.6086%~0.9%	84,300	"
Bank D	"	26,221	"	0.9749%~2.8938%	200,000	"
Bank E	"	4,754	"	1.0539%~2.7939%	56,200	"
Bank F	"	50,000	"	1.1500%	100,000	"
		<u>\$ 483,349</u>				

BIONIME CORPORATION
Statement of Notes and Trade Payables
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>
Notes Payable -Non-Related Parties :		
A Company	Operating	\$ 799
Others (Note)	"	50
		<u>849</u>
Account Payable-Non-Related Parties :		
B Company	Operating	\$ 15,183
C Company	"	12,580
D Company	"	11,721
E Company	"	9,012
Others (Note)	"	95,537
		<u>144,033</u>
Account Payable-Related Parties :		
Bionime (Pingtan) Limited Company	Operating	375
		<u>\$ 145,257</u>

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

Statement of Short-term Notes and Bills Payable

<u>Item</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Amount</u>			
			<u>Total amount</u>	<u>Unamortized Discount</u>	<u>Book Value</u>	<u>Collateral</u>
Unsecured commercial paper	2020.12.3~2021.3.3	1.13%	<u>\$ 40,000</u>	<u>50</u>	<u>39,950</u>	None

BIONIME CORPORATION
Statement of Other Payables and Other Current Liabilities
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Salary and Wages Payable	\$ 64,574
	Payback fee	66,394
	Others (Note)	<u>64,365</u>
		<u>195,333</u>
Other current liabilities	Temporary receipts	536
	Advance Sales Receipts	13,581
	Others (Note)	<u>39</u>
		<u>14,156</u>
		<u>\$ 209,489</u>

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION
Statement of Long-term Borrowings
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Creditors</u>	<u>Description</u>	<u>Loan amount</u>		<u>Contract Period</u>	<u>Range of interest rate</u>	<u>Collateral</u>
		<u>Expired within one year</u>	<u>More than one year due</u>			
Bank A	Mortgage loan	\$ 50,667	443,333	104.09.30~119.09.30	1%	Land, Buildings and Structures
Bank A	Mortgage loan	62,500	125,000	107.12.12~112.12.12	1%	"
Bank A	Mortgage loan	87,500	153,125	107.09.04~112.09.03	1%	"
Bank A	Mortgage loan	12,500	87,500	109.06.24~114.06.24	1%	"
Bank A	Mortgage loan	12,500	87,500	109.06.16~114.06.16	1%	"
Bank A	Mortgage loan	10,416	89,584	109.07.01~114.07.01	1%	"
Bank A	Mortgage loan	10,417	89,583	109.07.06~114.07.06	1%	"
Bank A	Mortgage loan	8,333	91,667	109.08.17~114.08.17	1%	"
Bank G	Credit loan	50,000	-	109.11.20~110.02.20	1.20%	None
		<u>\$ 304,833</u>	<u>1,167,292</u>			

Statement of Operating Revenue
For the year ended December 31, 2020

<u>Item</u>	<u>Quantity</u>	<u>Unit</u>	<u>Amount</u>
Meter	869	thousands tables	\$ 190,905
Strips	445,849	thousands pieces	1,320,828
Others			<u>97,806</u>
			1,609,539
Sales Returns			(1,829)
Sale Discounts and Allowances			<u>(5,757)</u>
Net Operating Revenues			<u>\$ 1,601,953</u>

BIONIME CORPORATION
Statement of Operating Costs
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials beginning of year	\$ 106,586
Add : Raw materials purchased	579,538
Gain on physical inventory	284
Less : Raw materials end of year	115,258
Raw materials sold and scrapped	13,988
Other	8,213
Raw materials used	548,949
Direct labor	263,496
Manufacturing overhead	328,137
Manufacturing costs	1,140,582
Add : work in process beginning of year	261,811
work in process purchased	1,343
Less : work in process end of year	319,832
work in process sold and scrapped	46,048
Transfer expense and other	127,089
Loss on physical inventory	2
Cost of finished goods	910,765
Add : Finished goods beginning of year	27,066
Less : Finished goods end of year	61,843
Finished goods scrapped	1,843
Loss on physical inventory	1
Other	1,589
Cost of manufacturing goods sold	872,555
Add : Sold raw materials and work in process cost	54,920
Inventory scrapped	6,959
Inventory valuation losses	18,679
Less : Gain on disposal of left over bits and pieces	3,688
Gain on physical inventory	281
Other	11,737
Operating cost	\$ 937,407

BIONIME CORPORATION
Statement of Operating Expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling Expense</u>	<u>Administration Expense</u>	<u>Research and Developed Expense</u>
Salary	\$ 42,841	75,738	70,261
Professional service fees	47,355	5,036	75,822
Advertisement	57,791	77	7
Depreciation	1,712	22,071	8,024
Research Materials	-	-	33,238
Laboratory fees	-	5,330	21,871
Insurance fees	6,611	11,739	5,541
Others (Note)	<u>45,934</u>	<u>64,739</u>	<u>31,596</u>
	<u>\$ 202,244</u>	<u>184,730</u>	<u>246,360</u>

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately

BIONIME CORPORATION
Statement of Non-Operating income and expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non-Operating Income		
Interest income	Interest income of bank deposits	\$ 166
Gains on disposal and scrapped of fixed assets	Gains on disposal and scrapped of fixed assets	169
Net of gains on exchange	Net of foreign currency gains on exchange	17,809
profit of lease modification	Gains (losses) of lease modification	12
Rent income	Rent revenue	548
Net of foreign exchange gains	Net of foreign exchange gains	1,342
Investment income	Investment gains recognized by the equity method	<u>38,786</u>
		<u>\$ 58,832</u>
Non-Operating Expenses		
Interest expenses	Interest expenses of loan	<u>\$ 21,163</u>

VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position

(1) Financial Statements Comparison Analysis Table

Unit: NT\$ Thousand

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	1,595,432	1,457,309	(138,123)	-8.66%
Property, plant and equipment	2,669,672	2,620,183	(49,489)	-1.85%
Intangible assets	49,503	205,774	156,271	315.68%
Other assets	89,633	201,786	112,153	125.12%
Total assets	4,404,240	4,485,052	80,812	1.83%
Current liabilities	1,380,966	1,241,045	(139,921)	-10.13%
Non-current liabilities	976,429	1,173,224	196,795	20.15%
Total liabilities	2,357,395	2,414,269	56,874	2.41%
Capital stock	638,006	627,260	(10,746)	-1.68%
Capital reserves	1,337,126	1,402,306	65,180	4.87%
Retained earnings	216,593	189,752	(26,841)	-12.39%
Other Equity	-144,880	-148,535	(3,655)	-2.52%
Total shareholders' equity	2,046,845	2,070,783	23,938	1.17%

Analysis of any significant change: (The change is up to 20%, and amounted to NT\$10 million)

- (a) The company has developed a new product, a continuous blood glucose monitoring system-CGM, which has reached technical feasibility in 2019 and meets the requirements for recognition of IFRS Intangible assets. Therefore, the relevant expenses of the development stage of NT\$191,404 thousand are capitalized and transferred to Intangible assets.
- (b) Increase in other assets: due to the increase in deferred tax assets and other non-current assets.
- (c) Increase in non-current liabilities: due to an increase in long-term loan.

- (2) Where the effect is of material significance, the annual report shall describe the measures to be taken in response: The above-mentioned changes have no material impact on finance and business.

2. Financial performance

(1) Comparison Analysis Table for Results of Operations

Unit: NT\$ Thousand

Item \ Year	2019	2020	Increased /decreased Amount	Percentage of change
				(%)
Operating revenues	2,193,383	1,684,933	(508,450)	-23.18%
Less: Sales return and discount	20,460	16,347	(4,113)	-20.10%
Net operating revenue	2,172,923	1,668,586	(504,337)	-23.21%
Operating cost	1,224,505	919,461	(305,044)	-24.91%
Gross profit	948,418	749,125	(199,293)	-21.01%
Operating expense	792,147	728,004	(64,143)	-8.10%
Operating profit	156,271	21,121	(135,150)	-86.48%
Non-Operating revenues and expenditures	-21,704	9,990	31,694	-146.03%
Net profit before tax	134,567	31,111	(103,456)	-76.88%
Less: Income tax expense	27,856	-32,409	(60,265)	-216.34%
Net Income	106,711	63,520	(43,191)	-40.47%

Analysis of any significant change: (The change is up to 20%, and amounted to NT\$10 million)

(1) Decrease in operating revenues, operating cost, gross profit: revenue and shipments decreased due to the global COVID-19 epidemic.

(2) Decrease in operating profit: due to a decrease in gross profit.

(3) Non-Operating revenues and expenditures increase due to the increase in other revenues and the decrease in interest expenses.

(4) Decrease in Income tax expense : due to the increase in temporary differences arising from deferred tax assets °

(5) Decrease in net profit before tax and income tax expense: due to the decrease of gross profit and the decrease of operating profit.

(2) The expected sales volume and its basis: Not applicable.

(3) The Company's future financial performance for any possible impact: The loss of the subsidiary was mainly due to new entrants usually require 3-5 years for market development. As the market is in the pre-market stage, hence, the effect of investment is yet to be seen.

(4) Measures to be taken in response: Keep abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a

timely manner.

3. Cash flow analysis

(1) Cash flow change analysis

Unit: NT\$ Thousand

Opening balance (December 31, 2019)	The cash flow generated from operating activities (2020)	The cash flow from generated from investment and financing activities (2020)	Cash flow surplus (December 31, 2020)	Cash shortage contingency plan	
				Investment plan	Financing plan
359,558	217,556	(234,434)	343,247	-	-

Cash flow change analysis in 2020 is as follow

- Cash inflow from operating activities of NT\$ 217,556 thousand: Mainly due to net cash surplus from operating activities.
- Cash inflows from investment activities amounted to NT\$ 330,768 thousand: It is mainly due to the acquisition of real properties and intangible assets.
- The cash inflow from financing activities of NT\$96,334 thousand: It is due to the reduction of the long-term loans.

(2) Remedial measures and liquidity analysis for cash deficit: There is no cash deficit concerns.

(3)Cash flow analysis for the coming year: Not applicable.

4. Major capital expenditures during the most recent fiscal year: None

5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

(1) Re-investment policy of the Company:

The re-investment policies of the Company are followed by the relevant executive departments in accordance with the internal control system - “Investment Cycle” and “Acquisition and Disposal of Assets Procedures”, etc. The above-mentioned regulations or procedures are resolved by the board of directors or shareholders meeting.

(2) The main reasons for the profits or losses, improvement plans and future investment plan of re-investment:

- The subsidiary in Swiss is Bionime’s PO service center in Europe without any revenue. Currently, the local employees include three salesmen, one PM

concurrently serving as the business assistant and one part-time accountant. It mainly aims to explore related markets. The remaining related costs are mainly HR costs and rents. The monthly expenses are still stable, and it maintains small amount of profit every year.

- (b) After six years of deployment in retailers, pharmacies, doctors' clinics and diabetes educators in the United States, the subsidiary in the US every year with the stable growth in the demands and sales of test strips.
- (c) The subsidiary in China is mainly a technical service and customer service company established for the needs of operations in China. After the service support and customer service income paid by the head office, it maintains small amount of profit last year.
- (d) The subsidiary in Malaysia established in 2018 is mainly engaged in the sales of glucose testers and strips. It is profitable in 2020.

Also, the Company is always keeps abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a timely manner.

(3) Investment plans for the coming year:

The Mainland second-tier subsidiary has been re-invested in Pingtan, Fujian by establishing a subsidiary as a production base in Mainland China. Under the rapid changes in the market of blood glucose meters in the mainland, especially the Chinese government's policy of protecting local industries has been promoted. It is expected that foreign-imported blood glucose meters will no longer have an advantage in the next few years, hence, it is necessary to localize the products. Established a plant in China for local production, which responsible for the sales and manufacturing of blood glucose meters in the Mainland.

6. Risk and evaluation in the most recent fiscal year and up to the publication of the annual

- (1) The impact of changes in the interest rate, fluctuation of exchange rate, inflation rate on the Company's profits (losses) and countermeasures to be taken in the future:

- (a) The effect upon the Company's profits (losses) of interest rate fluctuations and countermeasures to be taken in the future

Item	2020	2021Q1
Net operating revenue	1,668,586	463,798
Net income	63,520	12,492

Net interest income and expenditure	(20,237)	(4,711)
Net operating revenue ratio	-1.21%	-1.02%
Net income ratio	-31.86%	-37.71

The net interest income and expenditure of 2020 accounted for approximately (1.21)% and (31.86)% of the Company's and its subsidiaries' revenue and net income. The net interest income and expenditure of the first quarter of 2021 accounted for approximately (1.02)% and (37.71) of the Company's and its subsidiaries' revenue and net income. Therefore, the interest rate fluctuations have a significant impact on the revenue and profit of the Company and its subsidiaries.

In response to the risk of interest rate fluctuations, the Company will continue to pay attention to the future trends of the interest rate in the market and collect interest rate information of banks. It timely evaluates the interest rate of the current loans, and continues to establish good relations with banks. By presenting good bank financing credit record, it could obtain a relatively preferential interest rate of loans. When financing is needed, plan appropriate long-term and short-term bank loans depending on the actual capital requirements, to minimize the risks caused by fluctuations in interest rates and capital costs to the Company's operations.

- (b) The effect upon the Company's profits (losses) of exchange rate fluctuations and countermeasures to be taken in the future

Unit: NT\$ Thousand

Net operating revenue	2020	2021Q1
Net Income	1,668,586	463,798
Net exchange gains and losses	63,520	12,492
Net operating revenue ratio	4,392	2,051
Net income ratio	0.26%	0.44%
Net operating revenue	6.91%	16.42%

The operating revenue of the Company and its subsidiaries is mainly denominated in US dollars and Euros. Therefore, the depreciation of US dollar or the Euro against the New Taiwan dollar will result in reduction of the profit of the Company and its subsidiaries. In order to reduce the impact of fluctuation of exchange rate on the profit and loss of the Company and its subsidiaries, the Accounts Department of the Company also collects information on exchange rate at any time, focuses on the trend and changes of major currencies in the international

currency market to grasp the exchange rate trend, and maintain a good interactive relationship with the bank in order to get more extensive information on foreign exchange and more favorable exchange rate quotes. In terms of strategy, the balance of foreign currency assets and liabilities should be achieved as much as possible to achieve the effect of natural hedging, and reduce the impact of exchange rate fluctuations on the Company's profit and loss.

- (c) The impact of changes in the inflation rate on the Company's profits (losses) and countermeasures to be taken in the future

The increase in domestic and international prices will lead to an increase in the Company's purchasing costs, which may adversely affect the Company's profitability. However, the Company has more than one supplier. In the future, the Company will pay close attention to the inflation situation, and negotiate with different suppliers to reduce the impact of inflation on the Company.

- (2)The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future: None.

- (3)Research and development work to be carried out in the future, and further expenditures expected for research and development work:

For the details of R&D situation, please refer to the detailed explanation in V. Operational Highlights. The R&D expenditures of the Company in 2020 was NT\$ 247,875 thousand, and the estimated R&D expenditures in 2021 is NT\$374,989 thousand. The main factors affecting the success of future R&D are the R&D capabilities of R&D personnel and the mastery of software and hardware systems. It is believed that the experience accumulated of the R&D team of the Company will surely competently perform this important task, and continues to develop competitive products.

- (4)Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and countermeasures to be taken:

In response to the subsequent revision of the guidelines for various operations by domestic and foreign authorities, the Company has actively cooperated with it, and currently, it has no significant impact on the financial operations.

- (5) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and countermeasures to be taken:

The Company has always attached great importance to the improvement of R&D capabilities, paying attention to the evolution of technology in the industry, and commencing the evaluation and R&D of various products to meet market demand. It is evaluated that the developments in science and technology have no significant impact on the Company's financial operations in the near future.

- (6) Effect on the Company's crisis management of changes in the Company's corporate image, and countermeasures to be taken:

As of the publication of the annual report, there is no major events affecting the Company's corporate image.

- (7) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures being or to be taken: None.

- (8) Expected benefits and possible risks associated with any plant expansion, and countermeasures being or to be taken: None.

- (9) Risks associated with any consolidation of sales or purchasing operations, and countermeasures being or to be taken:

- (a) Purchasing operation: The main purchase items of the Company are the components of blood glucose meter and blood glucose test strip and related raw materials. The procurement amounts of company F in 2019 and 2020 have reached 8.88% and 8.4% of the net procurement amount of the Company. This is because the Company chose to cooperate with company C and company F for a long time under the Company's comprehensive consideration of the supplier's production technology, quality yield, supply capacity and cost planning. There is no consolidation of purchases in the most recent two years.
- (b) Sales operation: Tung Pao is the only exclusive distributor of the Company in Mainland China and has successfully developed the Mainland market, therefore, it has become the main customer of the Company's sales in recent years. However, the Company's products are distributed throughout Europe, Americas and Asia, and

there is no consolidation of sales operation, hence, there is no risk of consolidation of sales operation.

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and countermeasures being or to be taken: None.

(11) Effect upon and risk to Company associated with any change in governance personnel or top management, and countermeasures being or to be taken:

The Company's operations are mostly proposed by the executive units, and then approved by the management, therefore, a complete operation model has been established. If there is a change in governance personnel or top management, the impact on the Company's sustainable operation is limited.

(12) Litigation or non-litigation:

(a) Any have been determined or are including in the litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price, it should be fully disclosed in detail and include the facts of the dispute, cost of litigation, date of commencement of proceedings, litigants and the current situation regarding handling of litigation of the Company in the most recent two fiscal years and up to the date of publication of the annual report: None.

(b) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been determined or are including in the litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price in the most recent two fiscal years and up to the date of publication of the annual report: None.

(c) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been violated the provisions of Article 157 of the Securities and Exchange Act and the current situation regarding handling of the Company in the most recent two fiscal years and up to the date of publication of the annual report and: None.

(13) Other important risks, and countermeasures being or to be taken:

Assessment analysis of security risk and countermeasures: The Company builds the operational management mechanism by referring to the COSO structure, and measuring the factors such as the control environment, risk assessment, control activities, information and communication, and supervision. Moreover, it summarizes the functions of risk management and internal control based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The information security risk management mechanism is described as follows:

(a) Information security management mechanism

The Company shall, in accordance with the relevant laws and regulations and the Company's operating requirements, formulate internal management operations for control of electronic data processing operation cycles and information communication security, which shall be followed by all employees.

(b) Information security management scheme

As for the information security risks of the Company, it confirms the unfavorable impact of the security risks on the Company's operating profit based on the results of the last step, so as to adopt corresponding management measures.

Information security management schemes planned after evaluation and consideration of information security risks:

- (1) The operations of information system and the machine room are all implemented in accordance with ISO 27001 standards and comply with ISO27001 certification.
- (2) Network firewall settings
- (3) Email management and control
- (4) Antivirus software settings
- (5) Security control of files and facilities

The management of the Company carries out internal control and risk supervision and management based on the business scope and operation management process of the Company.

(c) Information security management and review

The Company has listed information security inspection and control operations as an annual audit item. The audit office will conduct the audit annually at least; and the Company will conduct inspection based on the internal control system annually, and will report the results of internal control implementation to the Board for review and confirmation. A statement of internal control system is issued based on the results of the evaluation.

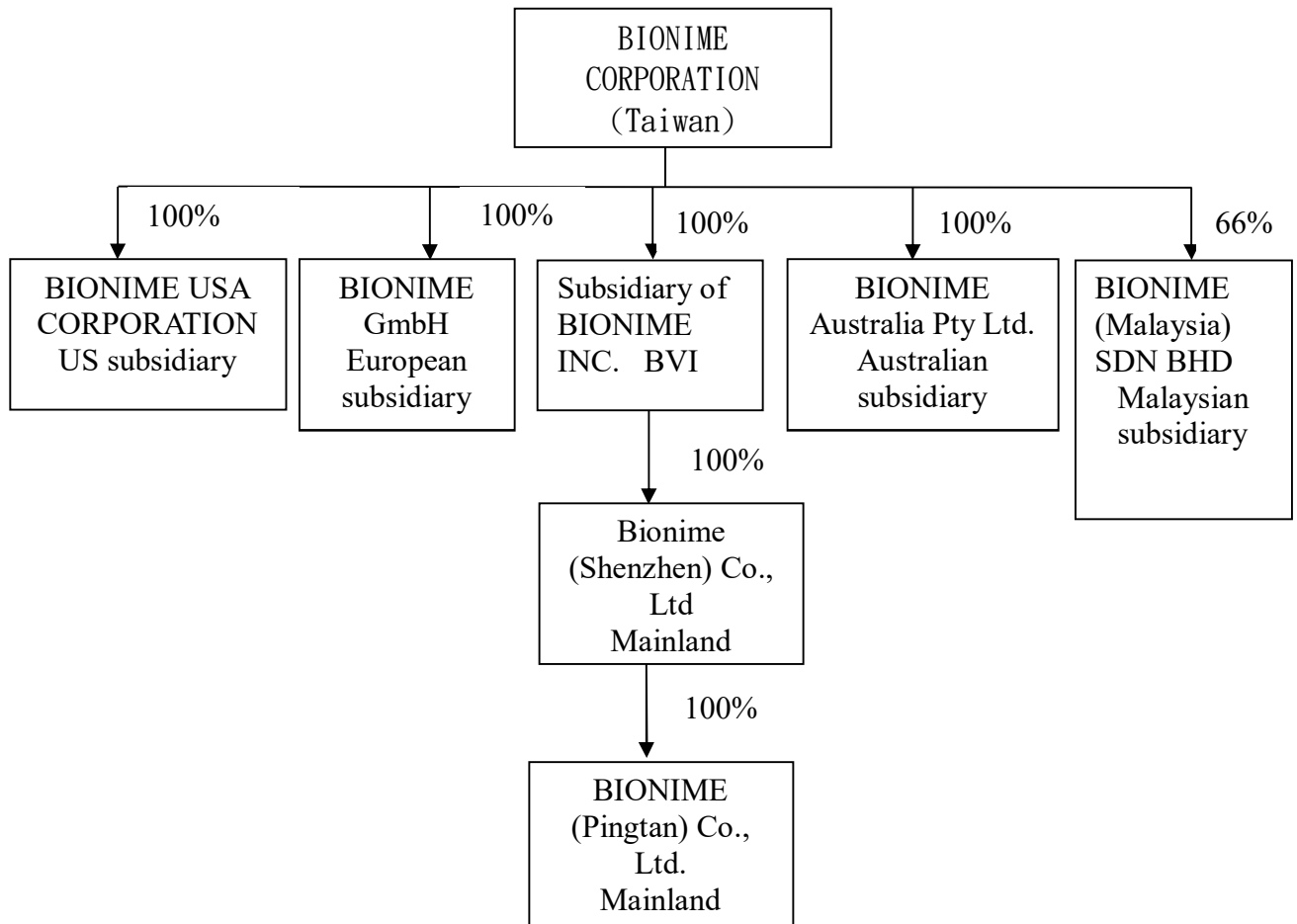
7. Other important matters: None.

VIII. Special Disclosure

1. Information related to the Company's affiliates

(1) Consolidated business reports of affiliated companies

(a) Organizational chart of affiliated companies (December 31, 2020)



(b) Basic information of affiliated companies

Name of company	Date of incorporation	Region	Paid-in Capital	Principal business activity
Bionime Inc.	November 2004	OMC Chambers, P.O. Box 3152, Road Town, Tortola, B. V. I.	USD 3,090 thousand	Investment company
Bionime (Shenzhen) Co., Ltd	December 2005	Zone A, 9th Floor, Fukang Technology Building, 8 Fukang Commercial Plaza, 10th Industrial Zone, Yousong, Longhua Office,	USD 2,300 thousand	Merchandising-sector company

		Bao'an New District, Shenzhen		
Bionime GmbH	April 2005	Tramstrasse 16 9442 Berneck / Switzerland	CHF 300 thousand	Merchandising- sector company
Bionime USA Corp.	February 2008	1450 E Spruce Street, Bldg. B Ontario CA 91761-8314	USD 11,150 thousand	Merchandising- sector company
Bionime Australia Pty Ltd	February 2010	Level 7, York Street, Sydney NSW 2000 Australia	AUD 350 thousand	Merchandising- sector company
BIONIME (Pingtan) Co., Ltd.	January 2015	Taiwan Pioneer Park, Pingtan Comprehensive Experimental Area, Pingtan County, Fuzhou City, Fujian Province, China	RMB20,000 thousand	Manufacturing company
BIONIME(MALAYSIA) SDN BHD	April 2018	C-05-11,ITECH TOWER,JALAN IMPACT,CYBER 6 CYBERJAYA SELANGOR	RM 1,046 thousand	Merchandising- sector company

(c) Shareholders presumed to have control and subordinate relationship with the same information: None.

(d) The operating activities of affiliated companies and their association

Industry Type	Name of company	Association with the operating activities of affiliated companies
Investment company	Bionime Inc.	The parent company of Bionime (Shenzhen) Co., Ltd.
Merchandising-sector company	Bionime (Shenzhen) Co., Ltd	The re-investment company of Bionime Inc.
Merchandising-sector company	Bionime GmbH	None
Merchandising-sector company	Bionime USA Corp.	None
Merchandising-sector company	Bionime Australia Pty Ltd	None
Manufacturing company	BIONIME (Pingtan) Co., Ltd.	The re-investment company of Bionime (Shenzhen) Co., Ltd.
Merchandising-sector	BIONIME(MALAYSIA) SDN BHD	None

company		
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(e) Directors, supervisors and general managers of affiliated companies:

Name of company	Position title	Name or representative	Shareholding	
			Number of shares (1000 shares)	Shareholding percentage
Bionime Inc.	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	3.09	100%
Bionime (Shenzhen) Co., Ltd	Legal representative	Bionime Inc. Representative: Huang,Chun-Mu	- (Note 1)	100%
Bionime GmbH	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	- (Note 2)	100%
Bionime USA Corp.	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	1,150	100%
Bionime Australia Pty Ltd	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	- (Note 3)	100%
	Director	BIONIME CORPORATION Representative:Chiang,Tai-Hsiung		
		Huang,Hui Hsuan		
BIONIME (Pingtan) Co., Ltd.	Legal representative	Representative of Bionime (Shenzhen) Co., Ltd: Huang,Chun-Mu	- (Note 1)	100%
Bionime(Malaysia) SDN BHD	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	MYR1,046 thousand	66%

	Director	BIONIME CORPORATION Representative: Chen,Hui-Chen		
		TING YIIK PUNG		

Note 1: A limited company established in Mainland China

Note 2: A limited company established in Switzerland

Note 3: A limited company established in Australia

(f) Operating Overview of Affiliated Companies

Unit: NT\$ Thousand

Name of company	Capital	Total assets	Total liabilities	shareholders' equity	Operating revenues	Net profit	Net Income	EPS
Bionime Inc.	98,064	197,792	90,899	106,893	162,662	15,572	19,188	6,209.71
Bionime (Shenzhen) Co., Ltd	64,630	183,149	90,875	92,274	162,662	16,551	20,123	N/A(Note1)
Bionime GmbH	7,529	24,444	3,201	21,243	26,262	1,402	1,159	N/A(Note1)
Bionime USA Corp.	343,193	80,867	13,006	67,861	100,973	10,111	16,227	14.55
Bionime Australia Pty Ltd	10,042	440	462	-22	0	-122	99	N/A(Note1)
BIONIME (Pingtan) Co., Ltd.	86,379	168,859	88,353	80,506	160,711	24,932	28,437	N/A(Note1)
Bionime(Malaysia) SDN BHD	11,817	23,875	8,685	15,190	33,412	2,489	3,199	3.06

Note1: The affiliated company is a limited company, so there is no earnings per share.

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(2) Consolidated financial statements of affiliated companies

The companies should be included in the consolidated financial statements of affiliated enterprises of the Company in 2020(from January 1-December 31, 2020) was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same with the companies should be included in the parent and subsidiary consolidated financial statements in accordance with the IFRS No. 10 approved by the Financial Supervisory Commission, and the relevant information shall disclose in the consolidated financial statements of the affiliated enterprises has been disclosed, therefore, no separate consolidated financial statements of the affiliated enterprises will be presented.

2. Transaction about the Company's private placement of securities during the most recent fiscal year up to the publication of the annual report: None.
3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year up to the publication of the annual report: None.
4. Other matters for which supplementary explanation is required: None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year up to the publication of the annual report: None.

BIONIME CORPORATION



Chairman: Huang, Chun-Mu

