Stock Code：4737

Information ReportWebsite：http://mops.twse.com.tw

Company Website：http://www.bionime.com.tw

# Bionime Corporation

# 2019 Annual Shareholders' Meeting
# Meeting Agenda

Time：June 20, 2019 (Thursday)

Place：No.100, Sec. 2, Daqing St., South Dist., Taichung, Taiwan

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# Bionime Corporation

## Agenda of 2019 Annual Shareholders' Meeting

1. Time: 9:00 a.m., June 20, 2019 (Friday)

2. Place: No.100, Sec. 2, Daqing St., South Dist., Taichung, Taiwan

3. Call meeting to Order(Report attendance of shareholders' shares)

4. Chairman's Address

5. Report Items

   (1)Business Report of 2018

   (2) Supervisors' Review Report

   (3) Compensation Distribution for Employees and Directors of 2018

6. Proposals for Acceptance and Approval

   (1) Business Report and Financial Statements of 2018

   (2) Appropriation of 2018 earnings

7. Discussion Items

   (1) Amendment to the Article of Incorporation

   (2)Amendment to the Procedures for Acquisition and Disposal of Assets

8. Election Matters

   Re-election of all Directors and Supervisors

9. Other Matters

   Proposal of Release the Prohibition on Directors from Participation in Competitive Business

10. Extemporary Motions

11. Adjournment

## Report Items

1. Business Report of 2018

Explanation: Please refer to page 5-8

2. Supervisors' Review Report

Explanation: Please refer to page 9.

3. Compensation Distribution for Employees and Directors Report of 2018

Explanation: On March 11, 2019, the Board of Directors has resolved that the compensation for employees and directors of 2018 pay in cash, the compensation for employees and directors is NT$ 18,787,590 and NT$ 4,000,000, respectively.

## Matters for Ratification

1. Adoption of the 2018 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:1. The parent company only financial statements and consolidated financial statements of 2018 (please refer to attachment 3-4) were audited by independent auditors, KPMG International Cooperative Tzu-Hsin Chang and Haining Huang， along with business report which approved by the Board of Directors and reviewed by supervisors on March 11, 2019, comply Company Act and relevant laws and regulations.

2. The Business Report of 2018, Independent Auditor's Report, and the above-mentioned Financial Statements, attached in Attachment 1 of the Meeting Agenda, page 5-8 and Attachment 3 and 4 page 10-25.

Resolution:

2. Appropriation of 2018 earnings(Proposed by the Board of Directors)

Explanation:1. The appropriation of 2018 earnings has approved by the Board of Directors on March 11, 2019.

2. Upon the approval of the 2018 Annual Shareholders' Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.

3.If holders of convertible bond apply for conversion or other factors that give impacts on the outstanding shares number to make distribution rate /per stock change, the shareholders authorizethe Board of Directors to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting. Each shareholder's cash dividend is counted as integer of dollar, decimal shall be deleted, and the company recognized as other revenue due to cash dividend of this time is fractional payment.

4. The 2018 Earnings Distribution Table, please refer to page 26(Attachment 5).

Resolution:

**Discussion Items**

(1) Proposal: Amendment to the Article of Incorporation (Proposed by the Board of Directors)
Explanation: Cooperate with the revision of the law and the actual operational requirements, propose to amend the Article of Incorporation. The amendment and comparison table, please refer to page 27(Attachment 6)。

Resolution:

(2)Proposal: Amendment to the Procedures for Acquisition and Disposal of Assets (Proposed by the Board of Directors)
Explanation: Cooperate with the revision of the law and the actual operational requirements, propose to amend the Procedures for Acquisition and Disposal of Assets. The amendment and comparison table, please refer to page 31 (Attachment 7).

Resolution:

**Election Matters**

Proposal:Re-election of all Directors and Supervisors (Proposed by the Board of Directors)

Explanation:

1. The term of office of the eighth session of the Board will end on February 5, 2019. According to Articles of Incorporation, new 7 directors (including 3 independent directors) and 3 supervisors. Independent directors election adopts a candidate nomination system, and the shareholders shall elect the independent directors from among the nominees included in the roster of director-candidates. The ninth session of the directors and supervisors shall take office immediately after the election, for a total of three years. The term of office will began on June 20, 2019 and end on June 19, 2022.

2. The roster of independent directors candidates has been reviewed and passed by the Board of Directors on May 8, 2019.

3. The Company adopt a candidate nomination system for the independent directors under the relevant laws and regulations. The shareholders shall elect the independent directors from among the nominees included in the roster of independent directors-candidates. The educational background, past work experience, other information, and the reason that nominate three consecutive session of independent director, please refer to page 51 (Attachment 8).
4. Procedures for Election of Directors and Supervisors，please refer to page 67~70(Appendix 3).

Resolution:

**Other Matters**

Proposal:Proposal of Release the Prohibition on Directors from Participation in Competitive Business

Explanation:

1. According to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. Directors of the Company may invest or operate other business that is the same with the scope of business of the Company, it shall propose to be approved by the shareholders'' meeting. Directors have the situations as above; the Company agrees to relapse the directors or its representative’s obligation of non-competition.

Resolution:

## Extemporary Motions

## Adjournment

# Attachment

1. Business Report

(1)2018 Business result: （Unit: NT$ thousand）

| Annual | 2018 | 2017 | Increase/Decrease | Percentage |
|---|---|---|---|---|
| Net Operating Revenue | 2,007,222 | 1,820,267 | 186,955 | 10.27% |
| Gross Profit | 916,999 | 795,773 | 121,226 | 15.23% |
| Operating Expenses | 676,448 | 546,702 | 129,746 | 23.73% |
| Operating Income | 240,551 | 249,071 | (8,520) | -3.42% |
| Income after Tax | 127,892 | 149,608 | (21,716) | -14.52% |

(2) The analysis of 2017 and 2018 financial structure and profitability:

| Items / Annual | | 2018 | 2017 |
|---|---|---|---|
| Financial Structure | Debts ratio(%) | 56.57 | 52.51 |
| | Long Term Funds to Fixed Assets(%) | 115.53 | 103.99 |
| Profitability | Return on Assets(%) | 3.39 | 3.73 |
| | Return On Equity(%) | 6.28 | 6.41 |
| | Profit Margin(%) | 6.37 | 8.21 |
| | Earnings Per Share | 2.23 | 2.52 |

(3) Budget implementation: The execution of budget is not disclosed, as the 2018 financial forecast was not publicly released.

**(4) Status of research and development:**

(1) 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 | 2018 | 2017 | 2016 |
|---|---|---|---|
| R&D Expenses | 201,186 | 159,960 | 140,385 |
| Net income ratio | 10.02% | 8.79% | 8.07% |
| R&D Achievements | GM702 POCT is on the market.<br>GM236 Blood Glucose Monitor with Bluetooth is on the market. | GM761 POCT is on the market.<br>GM700SB Blood Glucose Monitor with Bluetooth is on the market.<br>IOT Blood Glucose Management APP is on the market. | GM291 IOT Blood Glucose Monitor is on the market.<br>GM292 Blood Glucose Monitor is on the market.<br>GE333 Blood Glucose Monitor with Bluetooth is on the market. |

(2)Machine types expected be developed in 2019:
A. New type of High-Speed Lancing Device
B. Blood Glucose Monitor
C. New type of Strips for Monitors
D. Continuous blood glucose monitor

**2. 2019 Business Plan**

Looking ahead to 2019, Bionime is dedicated to enhance its competitiveness and carry through social responsibility in order to achieve corporate sustainable development. We not only place emphasis on production improvement of automation and skills and quality, but push for refined management via modify procedure and business process to reduce cost effectively. Management strategy will continue to highlight focus on innovating products and developing IOT. A few clients had been our main source of revenue in 2018. Bionime will continue to reinforce our development with new markets, new approaches and new clients. We will expand business growth, improve operational performance and magnify Bionime's competitive advantage.

**3. The Expected Development Strategy**

(1) Orientation of Strategic Branding: With the price-performance advantage of blood glucose monitor and our dedication to the IOT service system in the past two years, we re-oriented our brand strategy of blood glucose management and structure global brand authorization plan. Apart from replacing the brand awareness of blood glucose monitor of the past, distinguish the difference from other competitors and strengthen Bionime' s unique competitive advantages, we target on arrange the transformation of IOT industrial model in response.
(2) Enhance Media Exposure: In 2018, Bionime Rightest blood glucose management service and resolution was recognised by the International Innovation Award and the Taiwan Excellence Award. In addition to capturing greater international media exposure, we are determined to alter our role from a product provider to a resolution provider. We will continue to seize chances on related awards and media exposure in 2019.
(3) Related New Products Development in Diabetes Care: Invest in developing diabetes care medical equipment.

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

(1) External competition environment
According to the report by TIER, the medical device market is expected to rise steadily with growing demand from the ageing society, growth of chronic disease, and raised awareness on health issue. The scale of medical device market is expected, by ITRI, to reach USD389.1 billion. The increasing requirement in chronic disease monitor system by reason of global ageing population and emerging countries keep strengthening medical infrastructure. Mainland China has started to implement its strategic policy of "2030 Healthy China", underscoring its devotion in replacing or optimizing the facilities of medical institution in second and third-tier cities. The resulted increase in demand for basic medical equipment and facilities will facilitate the growth of medical supplies sales growth, though intensifying the competition between medical suppliers.

It is estimated by expert reports that the growth rate of continuous blood glucose monitor, or CGM, will be the highest in the market of blood glucose monitoring. Product development will be more in more sensitive and wearable. Also, Blood glucose monitor related products, Insulin Pump, will develop in faster, smaller and humanized, and even combine with CGM, integrated equipment become the main direction in development monitor and treatment. Suppliers may alter relevant business strategy and R&D to align with the trend.

(2) Legislation
The EU is expected to execute its new Medical Devices Regulation in 2020. The new regulation requires constant upgrade on examination standard with the technical level of the product. There will be stricter request on product safety, performance evaluation, clinical trial and clinical. The

impact of the regulation should not be underestimated, since the EU has been one of our main source of revenue.

(3) The influence of Overall Management

Export has been our key mode of product sales. The recent trade war between US and China, increase on international tariff, and fluctuation of exchange rate all constitute as factors that may impact overall selling market, supply chain and profit.

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: Liao, Chen-Yu

2. Supervisors' Review Report

Bionime Corporation
Supervisors' Review Report

Appropriate

The Board of Directors made the Company's 2018 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 Haining Huang 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 219 of the Company Act made a report, please review it.

Supervisor: Tai,Tsung-Kai

Supervisor: Lin,Chien-Hsing

Supervisor: Su,Chin-Pin

Mar 11, 2019

3. Independent Audit Report and 2018 Consolidated Financial Statements

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# Independent Auditors' Report

To the Board of Directors of Bionime Corporation:

**Opinion**

We have audited the consolidated financial statements of Bionime Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, 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 Certification 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 communicted in our report.

1. Revenue recognition

The accounting principle of revenue recognition, refer to consolidated financial statements Note 4 (n); The accounting estimation and assumption uncertainty of allowance for sales returns and discounts, refer to consolidated financial statements Note 5 (a); the explanation about allowance for sales returns and discounts, refer to consolidated financial statements Note 6 (t).

Description of key audit matters:

Parts of the Group's sales transactios are based on the contracts that offer client rebate and chargebacks. The management of the Group estimates the rebates, chargeback and returns as reductions of revenues. Therefore, the test on revenue recognition is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included： testing the Group' s internal controls surrounding revenue recognition; observing the related sales contracts; evaluating the sales returns and discounts accounting treatment and disclosure; as well as ssessing the revenue with significant components, which included the analysis of top 10 customers.

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 (b); the explanation of inventory assessment refers to consolidated financial statements Note 6 (e).

The explanation of key audit matters:

The Group's inventories are measured at the lower of cost and net realizable value. Howerver, the cost of inventory might exceed its net realizable value due to the rapid advancement of 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: assessed the Group's allowance amount of inventory according to its characteristics; conducting sampling to examine accuracy of inventory aging; assessed the Group' s inventory decline or rationality of debt ratio; examine accuracy of allowance amount of inventory past years, and compare with this period. Assessed whether estimation method this period present fairly.

3. Assessment of Accounting Receivable

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

The explanation of key audit matters:

The Group' s accounts receivable are concentrate among certion 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: analyse aging of accounts receivable, receive records and customers' credit risk concentration. Assessed whether estimation method and the amount of accounts receivable this period present fairly.

**Other Matter**

Bionime Corporation has prepared its parent-company-only-financial statements as of and for the years ended December 31, 2018 and 2017, 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 Haining Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2019

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

# BIONIME CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

## December 31, 2018 and 2017

**(expressed in Thousands of New Taiwan Dollars)**

| Assets | December 31, 2018 Amount | % | December 31, 2017 Amount | % |
|---|---|---|---|---|
| **Current assets:** | | | | |
| Cash and cash equivalents (note 6 (a)) | $ 433,631 | 9 | 174,348 | 4 |
| Notes receivable, net (note 6 (c)) | 7,941 | - | 9,188 | - |
| Accounts receivable, net (note 6 (c)) | 633,185 | 14 | 521,050 | 12 |
| Accounts recivable-related parties, net (note 6 (c) and 7) | 183,868 | 4 | 76,939 | 2 |
| Other receivables (note 6 (d)) | 13,630 | - | 6,641 | - |
| Current income tax assets | 18,543 | - | - | - |
| Inventories (note 6 (e)) | 412,423 | 9 | 364,390 | 8 |
| Prepayments | 9,551 | - | 8,440 | - |
| Other current assets (note 6 (h)) | 18,585 | 1 | 16,001 | - |
| Other current financial assets (note 6 (b) and 8) | 38,588 | 1 | 312,280 | 8 |
| | 1,769,945 | 38 | 1,489,277 | 34 |
| **Non-current assets:** | | | | |
| Non-current financial assets at fair value through other comprehensive income (note 6 (b)) | 30,100 | 1 | - | - |
| Non-current financial assets at cost, net (note 6 (b)) | - | - | 30,100 | 1 |
| Property, plant and equipment (note 6 (f) and 8) | 2,689,666 | 59 | 2,707,104 | 62 |
| Intangible assets (note 6 (g)) | 8,550 | - | 11,759 | - |
| Deferred tax assets (note 6 (o)) | 4,370 | - | 23,254 | 1 |
| Prepayments for business facilities | 82,840 | 2 | 56,155 | 1 |
| Guarantee deposits paid | 3,341 | - | 2,878 | - |
| Defined benefit assets, net (note 6 (n)) | 12 | - | 229 | - |
| Other non-current assets (note 6 (h)) | 580 | - | 54,160 | 1 |
| | 2,819,459 | 62 | 2,885,639 | 66 |
| **Total assets** | $ 4,589,404 | 100 | 4,374,916 | 100 |

| Liabilities and Equity | December 31, 2018 Amount | % | December 31, 2017 Amount | % |
|---|---|---|---|---|
| **Current liabilities:** | | | | |
| Short-term borrowings (note 6 (j) and 8) | $ 659,385 | 14 | 899,449 | 21 |
| Short-term notes and bills payable (note 6 (i)) | 259,748 | 6 | 159,837 | 4 |
| Notes payable | 14 | - | 19 | - |
| Accounts payable | 162,828 | 4 | 144,799 | 4 |
| Other payables | 267,165 | 6 | 225,108 | 5 |
| Other payables-related parties (note 7) | 19,294 | - | 6,168 | - |
| Payable on machinery and equipment | 14,564 | - | 26,101 | - |
| Current income tax liabilities | 6,229 | - | 27,322 | - |
| Other current liabilities (note 6 (k) and 7) | 7,153 | - | 8,152 | - |
| Long-term borrowings, current portion (note 6 (l) and 8) | 85,042 | 2 | 62,330 | 1 |
| | 1,481,422 | 32 | 1,559,285 | 35 |
| **Non-Current liabilities:** | | | | |
| Long-term borrowings (note 6 (l) and 8) | 1,114,514 | 24 | 737,576 | 17 |
| Deferred tax liabilities (note 6 (o)) | 360 | - | 453 | - |
| | 1,114,874 | 24 | 738,029 | 17 |
| **Total liabilities** | 2,596,296 | 56 | 2,297,314 | 52 |
| **Equity attributable to owners of parent:(note 6 (p))** | | | | |
| Ordinary share | 594,468 | 13 | 594,468 | 14 |
| Capital surplus | 1,314,899 | 29 | 1,532,096 | 35 |
| Retained earnings | 225,511 | 5 | 97,771 | 2 |
| Other equity interest | (5,500) | - | (8,592) | - |
| Treasuny shares | (138,141) | (3) | (138,141) | (3) |
| **Total equity attributable to owners of parent:** | 1,991,237 | 44 | 2,077,602 | 48 |
| Non-controlling interests | 1,871 | - | - | - |
| **Total equity** | 1,993,108 | 44 | 2,077,602 | 48 |
| **Total liabilities and equity** | $ 4,589,404 | 100 | 4,374,916 | 100 |

See accompanying notes to consolidated financial statements.

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

# BIONIME CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

## For the years ended December 31, 2018 and 2017

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

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| **Net operating revenues** (note 6 (s), (t) and 7) | $ 2,007,222 | 100 | 1,820,267 | 100 |
| **Operating costs** (note 6 (e), (n) and (u)) | 1,090,223 | 54 | 1,024,494 | 56 |
| **Gross profit from operations** | 916,999 | 46 | 795,773 | 44 |
| **Operating expenses** (note 6 (n), (q),(u) and 7)) | | | | |
| Selling expenses | 249,402 | 13 | 168,096 | 10 |
| Administrative expenses | 227,113 | 11 | 214,678 | 12 |
| Research and development expenses | 201,186 | 10 | 159,960 | 9 |
| Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9 | (1,253) | - | 3,968 | - |
| | 676,448 | 34 | 546,702 | 31 |
| **Net operating income** | 240,551 | 12 | 249,071 | 13 |
| **Non-operating income and expenses(note 6 (v)) :** | | | | |
| Other income | 6,648 | - | 21,103 | 1 |
| Other gains and losses | (56,190) | (3) | (58,177) | (3) |
| Finance costs | (29,046) | (1) | (22,541) | (1) |
| | (78,588) | (4) | (59,615) | (3) |
| **Profit before income tax** | 161,963 | 8 | 189,456 | 10 |
| **Less: income tax expense (note 6 (o))** | 34,071 | 2 | 39,848 | 2 |
| **Profit** | 127,892 | 6 | 149,608 | 8 |
| **Other comprehensive income:** | | | | |
| **Items that may not be reclassified subsequently to profit or loss** | | | | |
| Gains (losses) on remeasurements of defined benefit plans (note (n)) | (292) | - | 83 | - |
| | (292) | - | 83 | - |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Exchange differences on translation | 3,055 | - | (9,237) | - |
| Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6 (o)) | - | - | - | - |
| | 3,055 | - | (9,237) | - |
| **Other comprehensive income (after tax)** | 2,763 | - | (9,154) | - |
| **Comprehensive income** | **$ 130,655** | **6** | **140,454** | **8** |
| **Profit (loss), attributable to:** | | | | |
| Owners of parent | $ 128,032 | 6 | 149,608 | 8 |
| Non-controlling interests | (140) | - | - | - |
| **Profit** | **$ 127,892** | **6** | **149,608** | **8** |
| **Comprehensive income (loss) attributable to:** | | | | |
| Owners of parent | $ 130,832 | 6 | 140,454 | 8 |
| Non-controlling interests | (177) | - | - | - |
| **Comprehensice income** | **$ 130,655** | **6** | **140,454** | **8** |
| **Earnings per share (NT dollars)** (note 6 (r)) | | | | |
| **Basic earnings per share** | **$** | **2.23** | | **2.52** |
| **Diluted earnings per share** | **$** | **2.20** | | **2.49** |

See accompanying notes to consolidated financial statements.

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

# BIONIME CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

## For the years ended December 31, 2018 and 2017

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | | | | | | |
| | Ordinary shares | 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 | Total equity |
| **Balance at January 1, 2017** | $ 634,468 | 1,693,813 | 78,357 | - | 179,533 | 257,890 | 645 | - | 2,586,816 | - | 2,586,816 |
| Profit for the year ended December 31, 2017 | - | - | - | - | 149,608 | 149,608 | - | - | 149,608 | - | 149,608 |
| Other comprehensive income for the year ended December 31, 2017 | - | - | - | - | 83 | 83 | (9,237) | - | (9,154) | - | (9,154) |
| Comprehensive income for the year ended December 31, 2017 | - | - | - | - | 149,691 | 149,691 | (9,237) | - | 140,454 | - | 140,454 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve | - | - | 17,879 | - | (17,879) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (161,155) | (161,155) | - | - | (161,155) | - | (161,155) |
| Increase of treasury share | - | - | - | - | - | - | - | (423,717) | (423,717) | - | (423,717) |
| Retirement of treasury share | (40,000) | (96,921) | - | - | (148,655) | (148,655) | - | 285,576 | - | - | - |
| Employee stock options exercised | - | 15,147 | - | - | - | - | - | - | 15,147 | - | 15,147 |
| Cash dividends of capital surplus | - | (79,943) | - | - | - | - | - | - | (79,943) | - | (79,943) |
| **Balance at December 31, 2017** | **594,468** | **1,532,096** | **96,236** | **-** | **1,535** | **97,771** | **(8,592)** | **(138,141)** | **2,077,602** | **-** | **2,077,602** |
| **Balance at January 1, 2018** | 594,468 | 1,532,096 | 96,236 | - | 1,535 | 97,771 | (8,592) | (138,141) | 2,077,602 | - | 2,077,602 |
| Profit for the year ended December 31, 2018 | - | - | - | - | 128,032 | 128,032 | - | - | 128,032 | (140) | 127,892 |
| Other comprehensive income for the year ended December 31, 2018 | - | - | - | - | (292) | (292) | 3,092 | - | 2,800 | (37) | 2,763 |
| Comprehensive income for the year ended December 31, 2018 | - | - | - | - | 127,740 | 127,740 | 3,092 | - | 130,832 | (177) | 130,655 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve | - | - | 154 | - | (154) | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,383 | (1,383) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | - | - | - | - | - | - |
| Employee stock options exercised | - | 20,633 | - | - | - | - | - | - | 20,633 | - | 20,633 |
| Cash dividends of capital surplus | - | (237,830) | - | - | - | - | - | - | (237,830) | - | (237,830) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | 2,048 | 2,048 |
| **Balance at December 31, 2018** | **$ 594,468** | **1,314,899** | **96,390** | **1,383** | **127,738** | **225,511** | **(5,500)** | **(138,141)** | **1,991,237** | **1,871** | **1,993,108** |

See accompanying notes to consolidated financial statements.

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

**BIONIME CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2018 and 2017**

**(Expressed in Thousands of New Taiwan Dollars)**

| | 2018 | 2017 |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 161,963 | 189,456 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 137,179 | 132,250 |
| Amortization expense | 14,156 | 13,547 |
| Exected credit (gain)/Provison fro bad debt expense | (1,253) | 3,968 |
| Interest expense | 29,046 | 22,541 |
| Interest revenue | (1,694) | (1,610) |
| Share-based payments transactions | 20,633 | 15,147 |
| Gain from disposal of property, plan and equipment | (4,360) | - |
| Impairment loss on non-financial assets | 57,866 | 60,000 |
| **Total adjustments to reconcile profit** | 251,573 | 245,843 |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Notes receivable | 1,247 | (1,117) |
| Accounts receivable, net | (110,898) | (113,696) |
| Accounts receivable due from related parties | (106,929) | (76,939) |
| Other receivables | (6,459) | (4,710) |
| Inventories | (49,953) | (53,525) |
| Other operating assets | (8,056) | (16,581) |
| | (281,048) | (266,568) |
| **Changes in operating liabilities:** | | |
| Notes payable | (5) | (19) |
| Accounts payable | 18,029 | (43,928) |
| Other payables | 40,381 | 15,856 |
| Other payables due from related parties | 13,126 | - |
| Other operating liabilities | (999) | (32,396) |
| | 70,532 | (60,487) |
| **Total changes in operating assets and liabilities** | (210,516) | (327,055) |
| **Total adjustments** | 41,057 | (81,212) |
| Cash inflow generated from operations | 203,020 | 108,244 |
| Interest received | 1,164 | 1,276 |
| Interest paid | (27,370) | (22,321) |
| Income taxes paid | (54,916) | (57,600) |
| **Net cash flows from (used in) operating activities** | 121,898 | 29,599 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets at cost | - | (30,100) |
| Acquisition of property, plant and equipment | (86,713) | (82,779) |
| Proceeds from disposal of property, plant and equipment | 5,938 | - |
| Decrease in refundable deposits | (463) | (288) |
| Acquisition of intangible assets | (9,544) | (8,741) |
| Decrease in other financial assets | 273,692 | 87,720 |
| Increase in prepayments for business facilities | (72,509) | (31,539) |
| **Net cash flows from (used in) investing activities** | 110,401 | (65,727) |
| **Cash flows from (used in) financing activities:** | | |
| Increase in short-term borrowings | 1,605,559 | 1,777,412 |
| Decrease in short-term borrowings | (1,848,792) | (1,577,093) |
| Increase in short-term notes and bills payable | 99,911 | 159,837 |
| Proceeds from long-term borrowings | 600,000 | - |
| Repayments of long-term borrowings | (200,350) | (57,136) |
| Cash dividends paid | (237,830) | (241,098) |
| Cost of increase in treasury stock | - | (423,717) |
| Contribution by non-controlling interests | 2,048 | - |
| **Net cash flows from (used in) financing activities** | 20,546 | (361,795) |
| **Effect of exchange rate changes on cash and cash equivalents** | 6,438 | (16,606) |
| Net increase (decrease) in cash and cash equivalents | 259,283 | (414,529) |
| Cash and cash equivalents at beginning of period | 174,348 | 588,877 |
| **Cash and cash equivalents at end of period** | **$ 433,631** | **174,348** |

See accompanying notes to consolidated financial statements.

4. Independent Auditors' Report and 2018 Parent Company Only Financial Statements

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# 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, 2018 and 2017, 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, 2018 and 2017, 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 Certification 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.

1. Revenue recognition

   The accounting principle of revenue recognition, refer to financial statements Note 4 (n); The accounting estimation and assumption uncertainty of allowance for sales returns and discounts, refer to financial statements Note 5 (a); the explanation about allowance for sales returns and discounts, refer to financial statements Note 6 (u).

   Description of key audit matters:

   Parts of the Company's sales transactions are based on the contracts that offer client rebate and chargebacks. The management of the Company estimates the rebates, chargeback and returns as reductions of revenues. Therefore, the test on revenue recognition is one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included： testing the Company' s internal controls surrounding revenue recognition; observing the related sales contracts; evaluating the sales returns and discounts accounting treatment and disclosure; as well as assessing the revenue with significant components, which included the analysis of top 10 customers.

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 (b); the explanation of inventory assessment refers to financial statements Note 6 (d).

Description of key audit matters:

The Company's inventories are measured at the lower of cost and net realizable value. Howerver, the cost of inventory might exceed its net realizable value due to the rapid advancement of 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: assessed the Company' s allowance on inventory according to its characteristics; conducting sampling test to examine accuracy of inventory aging; assessed the Company' s inventory decline or rationality of debt ratio; examining accuracy of allowance on inventory  past years, and compare with this period. Assessed whether estimation method this period present 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 (c) ; The explanation of accounting receivable refer to financial statements Note 6 (c) and 6 (d) " Notes and Account Receivable, Account Receivable-related parties and Other Receivables".

Description of key audit matters:

The Company' s accounts receivable are concentrate among certion 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: analyses aging of accounts receivable; receive the records and customers'  credit risk concentration; Assessed whether estimation method and the amount of accounts receivable this period present fairly.

**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 Haining Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2019

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

**BIONIME CORPORATION**

**Balance Sheets**

**December 31, 2018 and 2017**

**(expressed in thousands of New Taiwan dollars)**

| Assets | December 31, 2018 Amount | % | December 31, 2017 Amount | % |
|---|---|---|---|---|
| **Current assets:** | | | | |
| Cash and cash equivalents (note 6 (a)) | $ 334,546 | 8 | 98,004 | 2 |
| Notes receivable, net (note 6 (c)) | 7,941 | - | 9,188 | - |
| Accounts receivable, net (note 6 (c)) | 621,018 | 14 | 509,085 | 12 |
| Accounts receivable-related parties, net (note 6 (c) and 7) | 223,181 | 5 | 104,156 | 2 |
| Other receivables (note 6 (d)) | 12,830 | - | 5,797 | - |
| Other receivable-related parties(note (d) and 7) | 5,689 | - | 1,249 | - |
| Current income tax assets | 18,543 | - | - | - |
| Inventories (note 6 (e)) | 380,027 | 8 | 343,589 | 8 |
| Prepayments | 8,857 | - | 6,374 | - |
| Other current financial assets (note 6 (i)) | - | - | 280,000 | 7 |
| Other current assets (note 6 (b) and 8) | 9,458 | - | 7,178 | - |
| | 1,622,090 | 35 | 1,364,620 | 31 |
| **Non-current assets**: | | | | |
| Non-current financial assets at fair value through other comprehensive income (note 6 (b)) | 30,100 | 1 | - | - |
| Non-current financial assets at cost, net (note 6 (b)) | - | - | 30,100 | 1 |
| Investments accounted for using equity method (note 6 (f)) | 143,597 | 3 | 120,450 | 3 |
| Property, plant and equipment (note 6 (g), 7 and 8) | 2,678,843 | 59 | 2,696,062 | 62 |
| Intangible assets (note 6 (h)) | 8,223 | - | 11,759 | - |
| Deferred tax assets (note 6 (p)) | 4,370 | - | 23,254 | 1 |
| Prepayments for business facilities | 82,824 | 2 | 55,745 | 1 |
| Guarantee deposits paid | 1,001 | - | 525 | - |
| Defined benefit assets, net (note 6 (o)) | 12 | - | 229 | - |
| Other non-current assets (note 6 (i)) | - | - | 53,822 | 1 |
| | 2,948,970 | 65 | 2,991,946 | 69 |
| **Total assets** | $ 4,571,060 | 100 | 4,356,566 | 100 |

| Liabilities and Equity | December 31, 2018 Amount | % | December 31, 2017 Amount | % |
|---|---|---|---|---|
| **Current liabilities:** | | | | |
| Short-term borrowings (note 6 (k) and 8) | $ 638,335 | 14 | 899,449 | 21 |
| Short-term notes and bills payable (note 6 (j)) | 259,748 | 6 | 159,837 | 4 |
| Notes payable | 14 | - | 19 | - |
| Accounts payable | 162,660 | 3 | 144,261 | 3 |
| Accounts payable-related parties (note 7) | 108 | - | - | - |
| Other payables | 254,296 | 6 | 208,620 | 6 |
| Other payables-related parties (note 7) | 38,836 | 1 | 30,049 | 1 |
| Payable on machinery and equipment | 14,564 | - | 26,101 | 1 |
| Current income tax liabilities | 6,229 | - | 27,322 | - |
| Other current liabilities (note 6 (1) and 7) | 5,117 | - | 4,394 | - |
| Long-term borrowings, current portion (note 6 (m) and 8) | 85,042 | 2 | 62,330 | 1 |
| | 1,464,949 | 32 | 1,540,935 | 36 |
| **Non-Current liabilities:** | | | | |
| Long-term borrowings (note 6 (m) and 8) | 1,114,514 | 24 | 737,576 | 17 |
| Deferred tax liabilities (note 6 (p)) | 360 | - | 453 | - |
| **Total liabilities** | 2,579,823 | 56 | 2,278,964 | 53 |
| **Equity (note 6 (q))** | | | | |
| Ordinary share | 594,468 | 13 | 594,468 | 13 |
| Capital surplus | 1,314,899 | 29 | 1,532,096 | 35 |
| Retained earnings | 225,511 | 5 | 97,771 | 2 |
| Other equity interest | (5,500) | - | (8,592) | - |
| Treasuny shares | (138,141) | (3) | (138,141) | (3) |
| **Total equity** | 1,991,237 | 44 | 2,077,602 | 47 |
| **Total liabilities and equity** | $ 4,571,060 | 100 | 4,356,566 | 100 |

See accompanying notes to financial statements.

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

# BIONIME CORPORATION

## Statements of Comprehensive Income

## For the years ended December 31, 2018 and 2017

## (expressed in thousands of New Taiwan dollars , except for earnings per share)

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| **Net operating revenues** (note 6 (t), (u) and 7) | $ 1,946,211 | 100 | 1,800,555 | 100 |
| **Operating costs** (note 6 (e), (h) and (v)) | 1,079,986 | 55 | 1,021,625 | 57 |
| **Gross profit from operations** | 866,225 | 45 | 778,930 | 43 |
| Less:Net unrealized gains between affiliates | 4,233 | - | (3,604) | - |
| **Net Gross profit from operations** | 861,992 | 45 | 782,534 | 43 |
| **Operating expenses** (note 6 (h), (o),(v) and 7)) | | | | |
| Selling expenses | 230,057 | 12 | 152,151 | 9 |
| Administrative expenses | 228,331 | 12 | 173,830 | 10 |
| Research and development expenses | 198,264 | 10 | 157,911 | 9 |
| Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | (1,253) | - | 3,968 | - |
| | 655,399 | 34 | 487,860 | 28 |
| **Net operating income** | 206,593 | 11 | 294,674 | 15 |
| **Non-operating income and expenses :** | | | | |
| Other income (note 6 (w)) | 4,993 | - | 19,678 | 1 |
| Other gains and losses (note 6 (w), and 7) | (50,445) | (3) | (59,186) | (3) |
| Finance costs(note 6 (w)) | (28,112) | (1) | (21,894) | (1) |
| Share of profit of associates accounted for using equity method | 18,836 | 1 | (44,767) | (2) |
| | (54,728) | (3) | (106,169) | (5) |
| **Profit before income tax** | 151,865 | 8 | 188,505 | 10 |
| **Less: income tax expense (note 6 (p))** | 23,833 | 1 | 38,897 | 2 |
| **Profit** | 128,032 | 7 | 149,608 | 8 |
| **Other comprehensive income:** | | | | |
| **Items that may not be reclassified subsequently to profit or loss** | | | | |
| Gains (losses) on remeasurements of defined benefit plans (note (o)) | (292) | - | 83 | - |
| | (292) | - | 83 | - |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Exchange differences on translation | 3,092 | - | (9,237) | - |
| Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (p)) | - | - | - | - |
| | 3,092 | - | (9,237) | - |
| **Other comprehensive income (after tax)** | 2,800 | - | (9,154) | - |
| **Comprehensive income** | **$ 130,832** | **7** | **140,454** | **8** |
| **Earnings per share (NT dollars)** (note 6 (s)) | | | | |
| **Basic earnings per share** | **$ 2.23** | | **2.52** | |
| **Diluted earnings per share** | **$ 2.20** | | **2.49** | |

See accompanying notes to financial statements.

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

# BIONIME CORPORATION

## Statements of Changes in Equity

## For the years ended December 31, 2018 and 2017

## (Expressed in thousands of New Taiwan dollars)

| | Ordinary shares | Capital surplus | Retained earnings: Legal reserve | Retained earnings: Special reserve | Retained earnings: Unappropriated retained earnings | Retained earnings: Total | Exchange differences on translation of foreign financial statements | Treasury shares | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2017** | $ 634,468 | 1,693,813 | 78,357 | - | 179,533 | 257,890 | 645 | - | 2,586,816 |
| Profit for the year ended December 31, 2017 | - | - | - | - | 149,608 | 149,608 | - | - | 149,608 |
| Other comprehensive income for the year ended December 31, 2017 | - | - | - | - | 83 | 83 | (9,237) | - | (9,154) |
| Comprehensive income for the year ended December 31,2017 | - | - | - | - | 149,691 | 149,691 | (9,237) | - | 140,454 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 17,879 | - | (17,879) | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (161,155) | (161,155) | - | - | (161,155) |
| Increase of treasury share | - | - | - | - | - | - | - | (423,717) | (423,717) |
| Retirement of treasury share | (40,000) | (96,921) | - | - | (148,655) | (148,655) | - | 285,576 | - |
| Employee stock options exercised | - | 15,147 | - | - | - | - | - | - | 15,147 |
| Cash dividends of capital surplus | - | (79,943) | - | - | - | - | - | - | (79,943) |
| **Balance at December 31, 2017** | **594,468** | **1,532,096** | **96,236** | **-** | **1,535** | **97,771** | **(8,592)** | **(138,141)** | **2,077,602** |
| **Balance at January 1, 2018** | 594,468 | 1,532,096 | 96,236 | - | 1,535 | 97,771 | (8,592) | (138,141) | 2,077,602 |
| Profit for the year ended December 31, 2018 | - | - | - | - | 128,032 | 128,032 | - | - | 128,032 |
| Other comprehensive income for the year ended December 31, 2018 | - | - | - | - | (292) | (292) | 3,092 | - | 2,800 |
| Comprehensive income for the year ended December31, 2018 | - | - | - | - | 127,740 | 127,740 | 3,092 | - | 130,832 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 154 | - | (154) | - | - | - | - |
| Special reserve | - | - | - | 1,383 | (1,383) | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | - | - | - | - |
| Employee stock options exercised | - | 20,633 | - | - | - | - | - | - | 20,633 |
| Cash dividends of capital surplus | - | (237,830) | - | - | - | - | - | - | (237,830) |
| **Balance at December 31, 2018** | **$ 594,468** | **1,314,899** | **96,390** | **1,383** | **127,738** | **225,511** | **(5,500)** | **(138,141)** | **1,991,237** |

See accompanying notes to financial statements.

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

# BIONIME CORPORATION

## Statements of Cash Flows

## For the years ended December 31, 2018 and 2017

## (expressed in thousands of New Taiwan dollars)

| | 2018 | 2017 |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 151,865 | 188,505 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 136,086 | 131,002 |
| Amortization expense | 14,079 | 13,547 |
| Expected credit (gain)/Provision for bad debt expense | (1,253) | 3,968 |
| Interest expense | 28,112 | 21,894 |
| Interest revenue | (237) | (528) |
| Share-based payments transactions | 20,633 | 15,147 |
| Share of loss (profit) of subsidiaries,associates and joint ventures accounted for using equity method | (18,836) | 44,767 |
| Gain on disposal of property, plan and equipment | (4,539) | (179) |
| Impairment loss on non-financial assets | 57,866 | 60,000 |
| Net unrealized gains between affliates | 4,233 | (3,604) |
| **Total adjustments to reconcile profit** | 236,144 | 286,014 |
| **Changes in operating assets and liabilities:** | | |
| Notes receivable | 1,247 | (1,117) |
| Accounts receivable | (110,680) | (111,419) |
| Accounts Recievable due from related parties | (119,025) | (70,908) |
| Other receivables | (7,033) | (4,597) |
| Other receivables due from related parties | (4,440) | 408 |
| Inventories | (38,357) | (49,743) |
| Other operating assets | (8,889) | (13,205) |
| | (287,177) | (250,581) |
| Notes payable | (5) | (19) |
| Accounts payable | 18,399 | (44,268) |
| Accounts payable due from related parties | 108 | - |
| Other payables | 44,000 | 12,718 |
| Other payables due from related parties | 8,787 | 3,060 |
| Other operating liabilities | 723 | (27,320) |
| | 72,012 | (55,829) |
| **Total changes in operating assets and liabilities** | (215,165) | (306,410) |
| **Total adjustments** | 20,979 | (20,396) |
| Cash inflow generated from operations | 172,844 | 168,109 |
| Interest received | 237 | 528 |
| Interest paid | (26,436) | (21,674) |
| Income taxes paid | (44,679) | (56,649) |
| **Net cash flows from (used in) operating activities** | 101,966 | 90,314 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of investment using equity method | (5,266) | - |
| Acquisition of financial assets at cost | - | (30,100) |
| Acquisition of property, plant and equipment | (85,647) | (80,948) |
| Proceeds from disposal of property, plant and equipment | 5,938 | - |
| Decrease in refundable deposits | (476) | (204) |
| Acquisition of intangible assets | (9,544) | (8,741) |
| Decrease in other financial assets | 280,000 | 120,000 |
| Increase in prepayments for business facilities | (72,493) | (31,705) |
| **Net cash flows from (used in) investing activities** | 112,512 | (31,698) |
| **Cash flows from (used in) financing activities:** | | |
| Increase in short-term borrowings | 1,585,400 | 1,752,225 |
| Decrease in short-term borrowings | (1,828,615) | (1,580,833) |
| Increase in short-term notes and bills payable | 99,911 | 159,837 |
| Proceeds from long-term borrowings | 600,000 | - |
| Repayments of long-term borrowings | (200,350) | (57,136) |
| Cash dividends paid | (237,830) | (241,098) |
| Cost of increase in treasury stock | - | (423,717) |
| **Net cash flows from (used in) financing activities** | 18,516 | (390,722) |
| **Effect of exchange rate changes on cash and cash equivalents** | 3,548 | - |
| Net increase (decrease) in cash and cash equivalents | 236,542 | (332,106) |
| Cash and cash equivalents at beginning of period | 98,004 | 430,110 |
| **Cash and cash equivalents at end of period** | **$ 334,546** | **98,004** |

See accompanying notes to financial statements.

5.Profit Distribution Table for 2018

Bionime Corporation

Profit Distribution Table

2018

（Unit: NTD $ ）

| Items | Total |
|---|---|
| Beginning retained earnings | **0** |
| Less: Remeasurements of the net defined benefit plan | (292,682) |
| Net profit after tax | 128,032,195 |
| **Distributable net profit** | **127,739,513** |
| Less: Legal reserve | (12,773,951) |
| Distributable items: | |
| Dividend to shareholders -Cash（NTD $ 2 per share） | (114,893,588) |
| **Unappropriated retained earnings** | **71,974** |
| Notes: | |

Bionime Corporation

Comparison Table for the Amendment of the Article of Incorporation

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| Article 6: The Company's capital total amount is NT$1 billion, which is further divided into 100 million Shares, with the value per share NT$ 10, and the Board is authorized to issue shares in installments.<br>The first capital amount shall be retained in NT$ 60 million for the issuance of employee stock option vouchers, special stocks with warrants or company warrants with a total of NT$ 6 million, NT$ 10 per share, released separately. When the company's shares are legally purchased by the company, the Board of Directors is authorized to make regulations according to law.<br>The treasury stock purchased by the company may include controlled or dependent company employees who meet certain requirements. The company's employee warrants may include controlled or dependent company's employees who meet certain requirements. The rights of new shares may include controlled or dependent company's employees who meet certain requirements. When the company issues new shares, the employees of the acquired shares may include controlled or dependent company's employees who meet certain requirements.<br>The requirements mentioned in the preceding section are authorized by the Board of Directors. | Article 6: The total amount of the Company's capital is NT$700 million, which is further divided into 70 million Shares, with the value per share NT$ 10, and the Board is authorized to issue shares in installments.<br>The first capital amount shall be retained in NT$ 60 million for the issuance of employee stock option vouchers, special stocks with warrants or company warrants with a total of NT$ 6 million, NT$ 10 per share, released separately. When the company's shares are legally purchased by the company, the Board of Directors is authorized to make regulations according to law. | Cooperate with the revision of the law. |
| Article 7: The company's stock is registered in the name of the director. The representatives of directors signed or stamped and issued by the agency or its approved issuing and registration authority after the visa. It is | Article 7: The company's stock is registered in the name of the director. More than 3 people signed or stamped and issued by the agency or its approved issuing and registration authority after the | Cooperate with the revision of the law. |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| exempted from printing stocks after the company publicly issues shares, but it should be registered with the centralized securities depository enterprise. | visa. It is exempted from printing stocks after the company publicly issues shares, but it should be registered with the centralized securities depository enterprise. | |
| Article 28: The Company shall distribute the compensation of employees not less than 1.5% of the profitability of the current year and shall be paid by the directors and supervisors not higher than 3% of the profitability of the current year . However, if the company still has accumulated losses, it shall make up. The profitability of the current year referred to in the preceding section refers to the pre-tax profit of the year deduct the benefits before the employee's remuneration and the compensation of the directors and supervisors.<br><br>The distribution of employee compensation and compensation of the directors shall be reported by the Board of Directors with a resolution of more than 2/3 of the directors and a majority of the directors' attendance and report to the shareholders' meeting.<br><br>Employee compensation is available in stock or cash, and is distributed to employees of subordinate companies who meet certain requirements or the control of requirements.<br><br>This requirement authorizes the Board of Directors to fix it. | Article 28: The Company shall distribute the compensation of employees not less than 1.5% of the profitability of the current year and shall be paid by the directors and supervisors not higher than 3% of the profitability of the current year . However, if the company still has accumulated losses, it shall make up. The profitability of the current year referred to in the preceding section refers to the pre-tax profit of the year deduct the benefits before the employee's remuneration and the compensation of the directors and supervisors.<br><br>The distribution of employee compensation and compensation of the directors shall be reported by the Board of Directors with a resolution of more than 2/3 of the directors and a majority of the directors' attendance and report to the shareholders' meeting.<br><br>Employee compensation is available in stock or cash, and is distributed to employees of subordinate companies who meet certain requirements. | Cooperate with the revision of the law. |
| Article 28-1: If the company's total annual final accounts have a surplus, it should first pay taxes, make up for accumulated losses, and increase 10% into legal reserve. However, when the legal reserve has reached the total | Article 28-1: If the company's total annual final accounts have a surplus, it should first pay taxes, make up for accumulated losses, and increase 10% into legal reserve. And in accordance with the law | Cooperate with the revision of the law. |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| capital of the company , not limited to this. And in accordance with the law or the competent authority to provide or revolve special reserve, if there is still surplus, the balance of the accumulated undistributed surplus, the Board of Directors intends to have a distribution proposal , in the case of the issuance of new shares, which will be dispatched after the resolution of the shareholders' meeting.<br><br>In accordance with the Article 240, Section 5 of the Company Law, the Company authorizes the Board of Directors to attend more than 2/3 of the directors and the resolution of more than half of the directors, and shall distribute dividends and bonus or the Article 241, Section 1 of the Company Law, all or part of the legal reserve and capital reserve shall be paid in cash and reported to the shareholders' meeting.<br>The company's dividend policy will allocate the retained earnings to shareholders in the form of stock and cash dividends based on the company's future capital expenditure budget and capital demand. The cash dividend ratio shall not be less than 5% of the total dividends of the shareholders. | or the competent authority to provide or revolve special reserve, if there is still surplus, the balance of the accumulated undistributed surplus, the Board of Directors intends to have a distribution proposal, which will be dispatched after the resolution of the shareholders' meeting.<br>The company's dividend policy will allocate the retained earnings to shareholders in the form of stock and cash dividends based on the company's future capital expenditure budget and capital demand. The cash dividend ratio shall not be less than 5% of the total dividends of the shareholders. | |
| Article 31:This Articles of Incorporation was drawn up on March 26, 2003.<br>First amendment was effected on May 20, 2003.<br>Second amendment was effected on November 5, 2003.<br>Third amendment was effected on June 30, 2004. | Article 31:This Articles of Incorporation was drawn up on March 26, 2003.<br>First amendment was effected on May 20, 2003.<br>Second amendment was effected on November 5, 2003.<br>Third amendment was effected on June 30, 2004. | Change and correction |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| Fourth amendment was effected on February 21, 2005.<br>Fifth amendment was effected on March 10, 2005.<br>Sixth amendment was effected on March 16, 2006.<br>Seventh amendment was effected on June 29, 2007.<br>Eighth amendment was effected on October 17. 2007.<br>Ninth amendment was effected on June 30, 2009.<br>Tenth amendment was effected on March 25, 2010.<br>Eleventh amendment was effected on June 9, 2011<br>Twelfth amendment was effected on June 28, 2013<br>Thirteenth amendment was effected on February 7, 2014.<br>Fourteenth amendment was effected on February 5, 2016.<br>Fifteenth amendment was effected on June 20, 2019. | Fourth amendment was effected on February 21, 2005.<br>Fifth amendment was effected on March 10, 2005.<br>Sixth amendment was effected on March 16, 2006.<br>Seventh amendment was effected on June 29, 2007.<br>Eighth amendment was effected on October 17. 2007.<br>Ninth amendment was effected on June 30, 2009.<br>Tenth amendment was effected on March 25, 2010.<br>Eleventh amendment was effected on June 9, 2011<br>Twelfth amendment was effected on June 28, 2013<br>Thirteenth amendment was effected on February 7, 2014.<br>Fourteenth amendment was effected on February 5, 2016. | |

Bionime Corporation

Comparison Table for the Procedures for Acquisition and Disposal Assets

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| Article 3: Scope of Assets<br>1. Investment in stocks, bonds, corporate bonds, financial bonds, securities of commendable funds, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-based securities.<br>2. Real estate(including land, houses and buildings, investment real estate,~~land use rights~~)and equipment.<br>3. The membership card<br>4. Incorporeal assets such as patents, copyrights, trademarks, and concessions.<br>5. Right to use assets<br>6. The creditor's rights of financial institutions (including accounts receivable, discounted foreign exchange purchases, and loans, collections).<br>7. Derivatives<br>8. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares.<br>9. Other important assets | Article 3: Scope of Assets<br>1. Investment in stocks, bonds, corporate bonds, financial bonds, securities of commendable funds, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-based securities.<br>2. Real estate(including land, houses and buildings, investment real estate, land use rights)and equipment.<br>3. The membership card<br>4. Incorporeal assets such as patents, copyrights, trademarks, and concessions.<br>5. The creditor's rights of financial institutions (including accounts receivable, discounted foreign exchange purchases, and loans, collections).<br>6. Derivatives<br>7. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares.<br>8. Other important assets | 1. In accordance with the provisions of the 16th Lease Bulletin of the International Financial Reporting Standards, Item 5 is added to expand the scope of the right to use assets, and the current Item 2 land use right is moved to the Item 5.<br><br>2. Current Item 5 to 8 are moved to Item 6 to 9. |
| Article 4: Definition of Nouns<br>1. Derivatives: refers to forward contracts, option contracts, futures contract, leveraged margin contract, exchange contract, combination of the above contracts, or a | Article 4: Definition of Nouns<br>1. Derivatives: refers to forward contracts, option contracts, futures contract, leveraged margin contract, exchange contract, combination of the above contracts, or a | 1. Cooperate with IFRS, the definition of financial instrument Number 9, amending the scope of the Item 1, and other derivative goods, and |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| combination of embedded derivatives type of contract or structured commodities which value isderived from specific interest rates, financial instrument prices, commodity prices , exchange rates, prices or rate indices , credit ratings, or credit indices, or other variables. The so-called forward contract does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import (sale) contracts.<br>2. Assets acquired or disposed of by legal merger, division, acquisition or transfer of shares: assets acquired or disposed of by merger, division or acquisition in accordance with the Enterprise Mergers and Acquisitions Law, Financial Holding Company Law, Financial Institution Merger Law or other laws. Or in accordance with the provisions of Article 156-3 of the Company Law, issue new shares and transfer shares of the company (the following referred to as share transfer). | combination of embedded derivatives type of contract or structured commodities which value isderived fromassets,interest rates, exchange rates,indices, or other variables.The so-called forward contract does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import (sale) contracts.<br>2. Assets acquired or disposed of by legal merger, division, acquisition or transfer of shares: assets acquired or disposed of by merger, division or acquisition in accordance with the Enterprise Mergers and Acquisitions Law, Financial Holding Company Law, Financial Institution Merger Law or other laws. Or in accordance with the provisions of Article 156 of the Company Law, issue new shares and transfer shares of the company (the following referred to as share transfer). | discretionary text.<br><br>2. Due to the amendments of Company Law issued on August 1, 2018, and have been implemented on November 1, 2018, in conjunction with the amendments to the Articles, which will be invoked in the Item 2, “Section 8 of Article 156, is amended to be Article 156-3. |
| Article 5: The valuation report acquired by the company or the opinion of an accountant, lawyer or securities underwriter, the professional valuator and its appraisers, accountants, lawyers or | Article 5: The valuation report acquired by the company or the opinion of an accountant, lawyer or securities underwriter, the professional valuator and its appraisers, accountants, lawyers or | 1. Cooperating with the law, the public issuance company should consult the professional valuators and its appraisers, accountants, lawyers or |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| securities underwriters shall meet the following requirements:<br>1. Failure to acquire or dispose of asset handling standards, Company Law, Banking Law, Insurance Law, Financial Holding Company Law, Commercial Accounting Law, or fraud, breach of trust, encroachment, forgery of documents or business crimes due to violation of public offering companies. The declaration of imprisonment of more than one year is confirmed. However, if the execution is completed, the probation period expires or the pardon has been completed for 3 years, this is not the limit.<br>2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship.<br>3. If the company should acquire the valuation report of two or more professional valuators, different professional valuators or appraisers may not be related to each other or have substantive relationships. | securities underwriters and parties to the transaction shall not be related persons. | securities underwriters and other experts should be included in the Code, and take into account the relevant directors of Item 4, Article 53 of the Securities Exchange Law. The new qualifications of the supervisors and managers and the issuer's rules for the collection and issuance of securities of Item 15, Section 1, Article 8, add Items 1-3, Section 1, Article 8, clearly stated negative qualifications of relevant experts. |
| Article 6: Investment in non-business for real estate and securities.The amount of the above assets acquired by the Company and each subsidiary individually is as follows: | Article 6: Investment in non-business for real estate and securities.The amount of the above assets acquired by the Company and each subsidiary individually is as follows: | 1. Cooperate with applicable IFRS 16 Lease BulletinProvisions, amend the provisions of this article,the right |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| 1. The total amount of real property or its right to use assets that are not for business use shall not exceed 30% of the total assets.<br><br>2. The total amount of long-term investment and short-term securities shall not exceed 20% of the total assets.<br><br>3. The amount of investment in individual securities may not exceed 10% of the total assets. | 1. The total amount of real property that are not for business use shall not exceed 30% of the total assets.<br><br>2. The total amount of long-term investment and short-term securities shall not exceed 20% of the total assets.<br><br>3. The amount of investment in individual securities may not exceed 10% of the total assets. | to use assets are included in this specification. |
| Article 7: Procedures for acquiring or disposing of real estate, equipment or assets of their right to use.<br><br>1. Assessment and operation procedures the company acquires or disposes of real estate , equipment or its right to use assets, and is subject to the fixed assets recycling procedures of the Company's internal control system.<br><br>2. The trading conditions and the decision process of the authorization amount.<br><br>(1) Acquiring or disposing of real property or its right to use assets shall refer to the present value of the announcement, the assessed value, the actual transaction price of the adjacent real estate, etc., and determine the trading conditions and | Article 7: Procedures for acquiring or disposing of real estate, equipment.<br><br>1. Assessment and operation procedures the company acquires or disposes of real estate , equipment, and is subject to the fixed assets recycling procedures of the Company's internal control system.<br><br>2. The trading conditions and the decision process of the authorization amount.<br><br>(1) Acquiring or disposing of real property shall refer to the present value of the announcement, the assessed value, the actual transaction price of the adjacent real estate, etc., and determine the trading conditions and the transaction price, and submit an analysis report to the chairman of the board. The amount is less than | 1. Cooperate with applicable IFRS 16 Lease BulletinProvisions, amend the provisions of this article, the right to use assets are included in this specification.<br><br>2. The government agency as defined in Section 4 of Article 7, originally refers to the central and local governments. The competent authority now determines that the domestic government will follow the relevant laws and regulations of the government procurement, so it is exempted from the expert opinions when dealing with the domestic government, but deals with foreign governments |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| the transaction price, and submit an analysis report to the chairman of the board. The amount is less than NT$20 million(including)shall be submitted to the chairman of the board for approval and shall file a report in the latest board meeting after the event; if it exceeds NT$20 million, it shall be submitted to the Board of Directors for approval.<br><br>(2) Acquiring or disposing of equipment or its right to use assetsshall be made by way of inquiry, price comparison, bargaining or public bidding. If the amount is less than NT$20 million (including), it shall be subject to authorization. Level approval; those who exceed NT$20 million should be submitted to the Board of Directors for approval and must be approved by the Board of Directors.<br><br>3. The Execution Unit<br><br>When the company acquires or disposes of real estate , equipment or its right to use assets , it shall be handled in accordance with the approval of the preceding section, and shall be implemented by the use and financial unit.<br><br>4. Real estate or equipment valuation report | NT$20 million(including)shall be submitted to the chairman of the board for approval and shall file a report in the latest board meeting after the event; if it exceeds NT$20 million, it shall be submitted to the Board of Directors for approval.<br>(2) Acquiring or disposing of equipment shall be made by way of inquiry, price comparison, bargaining or public bidding. If the amount is less than NT$20 million (including), it shall be subject to authorization. Level approval; those who exceed NT$20 million should be submitted to the Board of Directors for approval and must be approved by the Board of Directors.<br><br>3. The Execution Unit<br><br>When the company acquires or disposes of real estate and equipment, it shall be handled in accordance with the approval of the preceding section, and shall be implemented by the use and financial unit.<br><br>4. Real estate or equipment valuation report<br><br>The company acquires or disposes of real estate, except for transactions with government agencies, construction of local land, construction of land leases, or | cannot exempt expert opinions.<br>3.TheItem1 of the Section 4 of the Article7, discretionary text correction to comply with legal operations. |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| The company acquires or disposes of real estate, equipment or its right to use assets, except for transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business useor its right to use assets. If the company's paid-up capital is 20% or NT$300 million or more, the valuation report issued by the professional valuator shall be acquired before the factual date, and the following regulations shall be met:<br><br>(1)When special reasons shall be limited to the price, a specific price or a special price as the trading price of reference, the transaction should mention the resolution by the Board of Directors. When its subsequent trading conditions have changed, it shall follow above procedures accordingly. | acquisition or disposal of equipment for business use. If the company's paid-up capital is 20% or NT$300 million or more, the valuation report issued by the professional valuator shall be acquired before the factual date, and the following regulations shall be met:<br><br>(1)When special reasons shall be limited to the price, a specific price or a special price as the trading price of reference, the transaction should mention the resolution by the Board of Directors, and the future trading conditions shall follow above procedures accordingly. | |
| Article 9: Procedures for acquiring or disposing of membership cards or incorporeal assets or their right to use assets<br><br>1. Assessment and operating procedures<br><br>The Company acquires or disposes of membership certificates or incorporeal assets or their right to use assets , and is handled in | Article 9: Procedures for acquiring or disposing of membership cards or incorporeal assets<br><br>1. Assessment and operating procedures<br><br>The Company acquires or disposes of membership certificates or incorporeal assets, and is handled in accordance with the Company's internal control system "Fixed | 1. Cooperate with applicable IFRS 16 Lease BulletinProvisions, amend the provisions of this article, the right to use assets are included in this specification.<br><br>2. The government agency as defined in Section 4 of Article 9 originally refers to the central and local |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| accordance with the Company's internal control system "Fixed Assets Cycle Procedure".<br><br>2. The trading conditions and the decision process of the authorization amount<br><br>(1) To acquire or dispose of the membership card, reference should be made to the market fair market price, the resolution of the trading conditions and the transaction price. If the amount is less than NT$3 million (inclusive), it should be submitted to the chairman for approval and should be in the last Board of Directors. Reporting for the meeting. If the amount exceeds NT$3 million, it must be approved by the Board of Directors.<br><br>(2) Acquiring or disposing of incorporeal assets or their right to use assets , refer to the expert assessment report or market fair market price, and determine the trading conditions and transaction price. If the amount is less than NT$20 million (inclusive), it should be submitted to the chairman. Approved and should be reported in the latest board meeting after the event; if the amount exceeds NT$20 million, it must be approved by the Board of Directors. | Assets Cycle Procedure".<br><br>2. The trading conditions and the decision process of the authorization amount<br><br>(1) To acquire or dispose of the membership card, reference should be made to the market fair market price, the resolution of the trading conditions and the transaction price. If the amount is less than NT$3 million (inclusive), it should be submitted to the chairman for approval and should be in the last Board of Directors. Reporting for the meeting. If the amount exceeds NT$3 million, it must be approved by the Board of Directors.<br><br>(2) Acquiring or disposing of incorporeal assets, refer to the expert assessment report or market fair market price, and determine the trading conditions and transaction price. If the amount is less than NT$20 million (inclusive), it should be submitted to the chairman. Approved and should be reported in the latest board meeting after the event; if the amount exceeds NT$20 million, it must be approved by the Board of Directors.<br><br>3. The execution unit<br><br>When the company acquires or | governments, the competent authority now determines that the domestic government will follow the relevant laws and regulations of the government procurement, so it is exempted from the expert opinions when dealing with the domestic government, but deals with foreign governments cannot exempt expert opinions. |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| 3. The execution unit<br><br>When the company acquires or disposes of a membership card or an incorporeal asset or its right to use assets , it shall be handled in accordance with the approval of the preceding section, and shall be implemented by the use and financial unit.<br><br>4. Membership card or incorporeal assets expert assessment report<br><br>If the company acquires or disposes of the membership card or the incorporeal assets or its right to use assets, the transaction amount of the company's paid-in capital is 20% or more than NT$300 million, except for transactions with domestic government agencies, it shall be before the facts occur, the accountant shall be consulted to express an opinion on the reasonableness of the transaction price, and the accountant shall handle it in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. | disposes of a membership card or an incorporeal asset, it shall be handled in accordance with the approval of the preceding section, and shall be implemented by the use and financial unit.<br><br>4. Membership card or incorporeal assets expert assessment report<br><br>If the company acquires or disposes of the membership card or the incorporeal assets, the transaction amount of the company's paid-in capital is 20% or more than NT$300 million, except for transactions with government agencies, it shall be before the facts occur, the accountant shall be consulted to express an opinion on the reasonableness of the transaction price, and the accountant shall handle it in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. | |
| Article 9-1: Calculation of the transaction amount<br><br>The amount of first three transactions shall be handled in accordance with Section 1 (7) of | Article 9-1: Calculation of the transaction amount<br><br>The amount of first three transactions shall be handled in accordance with Section 1(5)of | 1. The revised provisions |

| After the Revision | Before the Revision | Explanation |
|---|---|---|
| Article 14 , and the alleged one year shall be based on the date on which the fact of the transaction occurs, and shall be traced back one year in advance. The procedure stipulates that the valuation report by the professional valuator or accountant's outlook shall be reckon in again. | Article 14 , and the alleged one year shall be based on the date on which the fact of the transaction occurs, and shall be traced back one year in advance. The procedure stipulates that the valuation report by the professional valuator or accountant's outlook shall be reckon in again. | |
| Article 10: Related person transactions<br><br>1. The Company acquires or disposes of assets or its right to use assets from related parties, and the transaction amount reaches 20% of the company's paid-up capital or NT$300 million or more, except for the treatment of Articles 7, 8 and 9. In addition to the procedures, the relevant resolution procedures and the assessment of the reasonableness of the trading conditions shall be handled in accordance with the following regulations. If the transaction amount reaches more than 10% of the company's total assets, it shall also be in accordance with the procedures of Article 7, 8 and 9. Acquire a valuation report or accountant's opinion issued by a professional valuator. The calculation of the previous mentioned transaction amount shall be handled in accordance with one of the provisions of Article 9-1. In addition, when judging whether the transaction object is a related | Article 10: Related person transactions<br><br>1. The Company acquires or disposes of assets from related parties, and the transaction amount reaches 20% of the company's paid-up capital or NT$300 million or more, except for the treatment of Articles 7, 8 and 9. In addition to the procedures, the relevant resolution procedures and the assessment of the reasonableness of the trading conditions shall be handled in accordance with the following regulations. If the transaction amount reaches more than 10% of the company's total assets, it shall also be in accordance with the procedures of Article 7, 8 and 9. Acquire a valuation report or accountant's opinion issued by a professional valuator. The calculation of the previous mentioned transaction amount shall be handled in accordance with one of the provisions of Article 9-1. In addition, when judging whether the transaction object is a related person, | 1. Cooperate with applicable IFRS 16 Lease Bulletin Provisions, amend the provisions of this article, the right to use assets are included in this specification.<br>2. The public debt referred to in the second term refers to the domestic public debt. The competent authority now finds that the relevant information in the domestic public debt transaction is transparent, so the expert opinion is exempted, but the transaction with foreign public debt cannot exempt the expert opinion.<br>3. In the Item 2 and 4 of the Section 3, the competent authority cooperates with the actual operation of the real estate lease such as the factory building, relaxes the acquisition of the real |

| After the Revision | Before the Revision | Explanation |
| --- | --- | --- |
| person, in addition to paying attention to its legal form, the substantive relationship should be considered.<br><br>2. Assessment and operating procedures<br><br>The Company acquires or disposes of the real property or its right to use assets from the related parties, or acquires or disposes of the real estate or other assets of the related party,and the transaction amount reaches 20% of the company's paid-in capitaland 10% of the total assets or more than NT$300 million , the following information shall be submitted to the Board of Directors in addition to the purchase or sale of domestic bonds, bonds with buybacks, repurchase conditions, purchaseor purchase of money market funds issued by domestic securities investment trusts. After passing the approval of the supervisor, the transaction contract and payment will be signed:<br><br>(1) The purpose, necessity and expected benefits of acquiring or disposing of assets.<br><br>(2) Reasons for selecting the relevant person to be the transaction object. | in addition to paying attention to its legal form, the substantive relationship should be considered.<br><br>2. Assessment and operating procedures<br><br>The Company acquires or disposes of the real property from the related parties,or acquires or disposes of the real estate of the related party, and the transaction amount reaches 20% of the company's paid-in capitaland 10% of the total assets or more than NT$300 million , the following information shall be submitted to the Board of Directors in addition to the purchase or sale of bonds with buybacks, repurchase conditions, purchaseor purchase of money market funds issued by domestic securities investment trusts. After passing the approval of the supervisor, the transaction contract and payment will be signed:<br><br>(1) The purpose, necessity and expected benefits of acquiring or disposing of assets.<br><br>(2) Reasons for selecting the relevant person to be the transaction object.<br><br>(3) Acquiring the real estate from the related parties , and assessing the relevant information on the | estate use right assets from the related parties, and enables the non-relevant lease transactions in the neighboring regions to be calculated and pushed within one year. Reference case for estimating the reasonableness of transaction price.<br>4. The Item 2 of the Section 5, in conjunction with the provisions of the IFRS No. 16 Lease Bulletin, the assets of the real estate use right leased to the related parties are included in the matters to be assessed when the cost is lower than the transaction price.<br>5. The Item 4 of the Section 6, the competent authority to consider the risk of trading between the parent and subsidiary companies and requires revision.<br><br>6. The Section 4 is to relax the new law with the decree. The authorization quota is based on the hierarchical management of job authorization, and is set at NT$20 million. |

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| (3) Acquiring the real estate or its right to use assets from the related parties , and assessing the relevant information on the reasonableness of the presetting trading conditions in accordance with Item 1 and 4 of Section 3 of this Article.<br><br>3.The reasonableness of transaction costs assessment<br><br>(1) The Company shall acquire the real estate assets or their right to use assets from the related parties , and shall evaluate the reasonableness of the transaction costs in the following ways.<br><br>(2) If the land and houses of the same subject matter are purchased or leased together, the transaction costs shall be assessed on the land and houses in accordance with any of the methods listed in the preceding section.<br><br>(3) The Company acquires the real property or its right to use assets from the related parties,and evaluates the cost of the real property or its right to use assets in accordance with Item 1 and 2 of Section 3 of this Article, and shall contact the accountant for review and represent specific comments.<br><br>(4) When the company acquires real | reasonableness of the presetting trading conditions in accordance with Item 1 and 4 of Section 3 of this Article.<br><br>3. The reasonableness of transaction costs assessment<br><br>(1) The Company shall acquire the real estate assetsfrom the related parties , and shall evaluate the reasonableness of the transaction costs in the following ways.<br><br>(2) If the land and houses of the same subject matter are purchased together, the transaction costs shall be assessed on the land and houses in accordance with any of the methods listed in the preceding section.<br><br>(3) The Company acquires the real property from the related parties, and evaluates the cost of the real property in accordance with Item 1 and 2 of Section 3 of this Article, and shall contact the accountant for review and represent specific comments.<br><br>(4) When the company acquires real property from the related party, the evaluation results are lower than the transaction price in accordance withItem 1 and 2 of Section 3 of this Article, and shall be in accordance | |

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| property from the related party or its right to use assets , the evaluation results are lower than the transaction price in accordance with Item 1 and 2 of Section 3 of this Article, and shall be in accordance with Item 5 of Section 3 of this Article. However, if the following circumstances, and the objective evidence and the specific reasonable opinions of the real estate appraisers and accountants are taken, this is not the case:<br><br>1.If the relationship is acquired by a plain land or a leased land, one of the following conditions must be proved:<br><br>(1) The land is assessed according to the method stipulated in the preceding section. The house is calculated according to the construction cost of the related person plus the reasonable construction profit, and the total number exceeds the actual transaction price. The alleged reasonable construction profit shall be based on the average operating gross profit margin of the related party construction department in the last 3 years or the lower of the latest construction industry gross profit margin announced by the Ministry of Finance. | with Item 5 of Section 3 of this Article. However, if the following circumstances, and the objective evidence and the specific reasonable opinions of the real estate appraisers and accountants are taken, this is not the case:<br><br>1.If the relationship is acquired by a plain land or a leased land, one of the following conditions must be proved:<br><br>(1) The land is assessed according to the method stipulated in the preceding section. The house is calculated according to the construction cost of the related person plus the reasonable construction profit, and the total number exceeds the actual transaction price. The alleged reasonable construction profit shall be based on the average operating gross profit margin of the related party construction department in the last 3 years or the lower of the latest construction industry gross profit margin announced by the Ministry of Finance.<br><br>(2) Other non-related tradedcases within one year of other floors or adjacent areas of the same target premises , the areas of which are similar, and the trading conditions are evaluated after reasonable floor | |

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| (2) Other non-related transaction cases within one year of other floors or adjacent areas of the same target premises , the areas of which are similar, and the trading conditions are evaluated after reasonable floor or regional spreads as determined by real estate trading or leasing practices.<br><br>(3) Article deletion<br><br>2.The Company acquires the real estate right-to-use assets from the real estate or lease purchased from the related parties , and the trading conditions are similar to those of other non-relevant persons in the vicinity in one year. The previous mentioned case of the adjacent area transactions is based on the same or adjacent street profile and the object size of the transaction target is less than 500 meters or its present value is similar. If the area is similar, the other non-relevant transaction cases is not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period is based on the date of the acquisition of the real property or the right to use the assets, and traced back for 1 year.<br><br>(5) If the company acquires real estate or its right to use assets from | or regional spreads as determined by real estate trading practices.<br><br>(3) For other non-relevant lease cases within one year of the same floor of the same target premises, the transaction conditions shall be estimated by reasonable floor price difference according to the real estate leasing practice.<br><br>2.The Company acquires the real estate right-to-use assets from the real estate or lease purchased from the related parties , and the trading conditions are similar to those of other non-relevant persons in the vicinity in one year. The previous mentioned case of the adjacent area trade is based on the same or adjacent street profile and the object size of the transaction target is less than 500 meters or its present value is similar. If the area is similar, the other non-relevant cases is not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period is based on the date of the acquisition of the real property or the right to use the assets , and traced back for 1 year.<br><br>(5) If the company acquires real estate from related parties, if the evaluation results are lower than the transaction price in accordance with | |

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| related parties, if the evaluation results are lower than the transaction price in accordance with Item 1 and 2 of Section 3 of this Article, the following matters shall be handled.<br><br>1 .The Company shall in respect of the difference between the transaction price of the real property or its right to use asset and the estimated cost, provide a special reserve in accordance with the Section 1 of Article 41 of the Securities Exchange Law, and shall not assign or transfer the capital allotment. Evaluation on the Company's equity method investments for the investors as a public company, should be put out in respect of the amount of other surplus reserves in accordance with Article 41 of the Securities Exchange Act.<br><br>The Company and the publicly-issued company that evaluates the Company's investment in the equity method are required to provide special reserve. The assets that should be purchased or leased at a high price have recognized the price loss or disposition ortermination of the lease or are properly compensated or restored. The original surplus, or other evidence to determine that there is no unreasonable, and after the | Item 1 and 2 of Section 3 of this Article, the following matters shall be handled.<br>1 .The Company shall in respect of the difference between the transaction price of the real property and the estimated cost, provide a special reserve in accordance with the Section 1 of Article 41 of the Securities Exchange Law, and shall not assign or transfer the capital allotment. Evaluation on the Company's equity method investments for the investors as a public company, should be put out in respect of the amount of other surplus reserves in accordance with Article 41 of the Securities Exchange Act.<br>The Company and the publicly-issued company that evaluates the Company's investment in the equity method are required to provide special reserve. The assets that should be purchased at a high price have recognized the price loss or disposition of the lease or are properly compensated or restored. The original surplus, or other evidence to determine that there is no unreasonable, and after the consent of the Financial Management Association, the special reserve will be used.<br>(6) The company acquires the real property or its right to use assets | |

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| consent of the Financial Management Association, the special reserve will be used.<br><br>(6) The company acquires the real property or its right to use assets from the related party. In any of the following circumstances, it shall be handled in accordance with Section 1 and 2 of this Article, and the 3 items of this Article shall not apply. The assessment requirements for the reasonableness of transaction costs in the Item 1, 2 and 3 of the Section 3:<br><br>1. The relationship person acquires the real property or its right to use assets due to inheritance or gift .<br><br>2. The time for the related party to contract to acquire the real property or its right to use assets has been more than 5 years from the date of the transaction.<br><br>3. Signing a contract for co-construction with the person in charge, or from the establishment of the local government, the construction of the land lease committee, etc., the party concerned, the construction of real estate and the acquisition of real estate.<br><br>4. The Company, its subsidiaries, or its subsidiaries that directly or | from the related party. In any of the following circumstances, it shall be handled in accordance with Section 1 and 2 of this Article, and the 3 items of this Article shall not apply. The assessment requirements for the reasonableness of transaction costs in the Item 1, 2 and 3 of the Section 3:<br><br>1. The relationship person acquires the real property due to inheritance or gift .<br><br>2. The time for the related party to contract to acquire the real propertyhas been more than 5 years from the date of the transaction.<br><br>3. Signing a contract for co-construction with the person in charge, or from the establishment of the local government, the construction of the land lease committee, etc., the party concerned, the construction of real estate and the acquisition of real estate.<br><br>(7) The Company acquires the real property from the related party. If there is any other evidence that the transaction has any irregular business practices, it shall also be handled in accordance with Item 5 of Section 3 of this Article. | |

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| indirectly hold 100% of the issued shares or total capital, acquire the real estate use right assets for business use.<br><br>(7) The Company acquires the real property or its right to use assetsfrom the related party. If there is any other evidence that the transaction has any irregular business practices, it shall also be handled in accordance with Item 5 of Section 3 of this Article.<br><br>4. The Company, its subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the following transactions with each other. The Board of Directors authorizes the Chairman to make a decision on NT$20 million or less and then report it later. The most recent Board of Directors has ratified:<br><br>1. Acquire or dispose of the equipment for business use or its right to use assets.<br><br>2. Acquiring or disposing of the right to use real estate for business use. | | |
| Article 12: Procedures for acquiring or disposing of derivatives<br><br>3. The internal auditor shall | Article 12: Procedures for acquiring or disposing of derivatives<br><br>3. The internal auditor shall | 1. In conjunction with the requirements of the law, the independent directors shall be notified at the |

| After the Revision | Before the Revision | Explanation |
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| regularly understand the admissibility of the internal control of the derivative commodity transaction, and check the compliance of the trading department on the transaction procedures for the derivative commodity transaction on a monthly basis, and make an audit report. If a major violation is discovered, it shall be notified in writing to supervisors and independent directors . | regularly understand the admissibility of the internal control of the derivative commodity transaction, and check the compliance of the trading department on the transaction procedures for the derivative commodity transaction on a monthly basis, and make an audit report. If a major violation is discovered, it shall be notified in writing to supervisors. | same time. |
| Article 14: The standards for announcement and reporting shall be handled<br>1. The company acquisition or disposition of assets should be the nature of the prescribed format, occurred 2 days starting today will announce and report relevant information to apply for FSC designated website on the fact that the following circumstances:<br>(1) Acquiring or disposing of the real property or its right to use assets from the related party, or other assets other than acquisition or disposal of the real property with affiliated person or its right to use assets , and the transaction amount reaches 20% of the company's paid-up capital, total assets 10% or NT$300 million. However, purchase or sale of domestic bonds, bonds | Article 14: The standards for announcement and reporting shall be handled<br>1. The company acquisition or disposition of assets should be the nature of the prescribed format, occurred 2 days starting today will announce and report relevant information to apply for SFI designated website on the fact that the following circumstances:<br>(1) Acquiring or disposing of the real property from the related party, or other assets other than acquisition or disposal of the real property with affiliated person, and the transaction amount reaches 20% of the company's paid-up capital, total assets 10% or NT$300 million. However, purchase or sale bonds, bonds with buy-backs, repurchase conditions, and purchases or buy | 1. SFI will be revised to FSC.<br>2. Cooperate with applicable IFRS 16 Lease Bulletin Provisions,<br>amend the provisions of this article, the right to use assets are included in this specification.<br>3. The public debt in the Item 1 of the Section 1 refers to the domestic public debt. The current competent authority has determined that the relevant information of the domestic public debt transaction is transparent, so the announcement is exempted, but the transaction with foreign public debt cannot be |

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| with buy-backs, repurchase conditions, and purchases or buy back domestic money market securities issued by domestic securities investment trusts are not limited.<br><br>(4) The types of assets acquired or disposed of are equipment for business use or their right to use assets, and their trading objects are not related parties, and the transaction amount is one of the following:<br>(5) Real estate acquisition by means of contracting third parties to construct on land owned or rented by the Company, co-construct and housing separately, co-construct and profit divided, and co-construct and sales separately, and the transaction object is not related to the person. The company expects the transaction amount to reach more than NT$ 500 million.<br>(6) Apart from the above 5 items, asset transactions, financial institutions disposing of creditor's rights or investing in mainland China, the transaction amount of which is 20% of the company's paid-in capital or NT$300 million. However, the following situations are not limited to this:<br>1. Buying and selling domestic bonds. | back domestic money market securities issued by domestic securities investment trusts are not limited.<br><br>(4) The types of assets acquired or disposed of are equipment for business use, and their trading objects are not related parties, and the transaction amount is one of the following:<br>(5) Real estate acquisition by means of contracting third parties to construct on land owned or rented by the Company, co-construct and housing separately, co-construct and profit divided, and co-construct and sales separately. The company expects the transaction amount to reach more than NT$ 500 million.<br>(6) Apart from the above 5 items, asset transactions, financial institutions disposing of creditor's rights or investing in mainland China, the transaction amount of which is 20% of the company's paid-in capital or NT$300 million. However, the following situations are not limited to this:<br>1. Buying and selling bonds.<br>2. For investment-oriented and in overseas stock exchanges or business places of securities trading in securities by whom, or subscribe to raise the domestic primary market issuance of corporate bonds and | exempted from the announcement.<br>4. Item 5 and 6 of the Section 1 cooperate with the law to make text corrections. |

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| 2. For investment professionals and in overseas stock exchanges or business places of securities trading in securities by whom, or subscribe to raise the domestic primary market issuance of corporate bonds and equity interest not covered by the general financial debt (excluding subordinated debt), or purchase or buy back a securities investment trust fund or futures trust fund, or a securities firm that is required by the underwriting business to serve as a securities for the securities company recommended by the securities company of the Republic of China.<br>3. Buying and selling bonds with buy back, selling back conditions, purchasing or buy back domestic money market funds issued by domestic securities investment trusts.<br>(7) The calculation of the above transaction amount is as follows, and the alleged one year is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year.<br><br>1. The amount of each transaction.<br>2. The amount of transactions acquired or disposed by the same counterpart in the same nature within one year.<br>3. The amount of the same development plan real estate or its | equity interest not covered by the general financial debt or a securities firm that is required by the underwriting business to serve as a securities for the securities company recommended by the securities company of the Republic of China.<br>3. Buying and selling bonds with buy back, selling back conditions, purchasing or buy back domestic money market funds issued by domestic securities investment trusts.<br>(7) The calculation of the above transaction amount is as follows, and the alleged one year is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year.<br>1. The amount of each transaction.<br>2. The amount of transactions acquired or disposed by the same counterpart in the same nature within one year.<br>3. The amount of the same development plan real estate accumulated acquired or disposal (accumulated and disposal separately) within one year .<br>4. The amount of the same marketable securities accumulated acquired or disposal (acquired and disposal separately) within one year. | |

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| right to use assets accumulated acquired or disposal (accumulated and disposal separately) within one year .<br>4. The amount of the same marketable securities accumulated acquired or disposal (acquired and disposal separately) within one year. | | |
| Article 15: Subsidiaries of the Company shall handle the following provisions:<br><br>2. If the subsidiary is not a publicly-issued company, the company shall acquire or dispose of the statutory announcement standard for the "Criteria for Handling Acquisition and Disposal of Assets by Public Companies" . The Company shall also handle the announcement of the announcement on behalf of the subsidiary. | Article 15: Subsidiaries of the Company shall handle the following provisions:<br><br>2. If the subsidiary is not a publicly-issued company, the company shall acquire or dispose of theannouncement standard for the "Criteria for Handling Acquisition and Disposal of Assets by Public Companies" .The parent company shall also handle the announcement of the announcement on behalf of the subsidiary. | 1. The text correction |

8. List of candidates for independent directors

| Candidates for Independent Director | Education Degree | Experience | Current Position | Shareholdings | Reasons for the continued nomination and served as three consecutive terms of independent director |
|---|---|---|---|---|---|
| Tsai, Gan-Ren | Doctor of Biochemistry and Molecular Biology, Medical School of Wayne State University, Michigan, U.S. | Dean of School of Medical Science and Technology, Chung Shan Medical University<br>Director of Incubation Center, Chung Shan Medical University<br>Director of Department of Medical Laboratory and Biotechnology, Chung Shan Medical University | Chief of International Affairs of Department of International Affairs and Alumni Service, Chung Shan Medical University<br>Professor f Department of Medical Laboratory and Biotechnology, Chung Shan Medical University | 0 | Mr. Tsai has served as professor of Chung Shan Medical University for many years, who equips the essential knowledge, skills, accomplishment and professional ability which shall be equipped. |
| Kuo, Li-Jen | Doctor of Department of Business Administration, National Taipei University | Assistant Professor at Department of Business Administration, National Taipei University<br>Assistant Professor at Department of Business Administration, Chung | Independent Director of Sunnic Technology & Merchandise Inc. | 0 | Ms. Kuo qualifies the independent requirement during her term, and equips the |

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| | | Yuan Christian University<br>General Manager of Hua-Hsia Investment Holding CO., LTD.H,<br>Deputy General Manager of Hua-Hsia Investment Holding CO., LTD.H,<br>Deputy General Manager of the Grand Hotel<br>Researcher of Research and Development Review Committee, Executive Yuan | | | essential knowledge, skills, accomplishment and professional ability which shall be equipped. |
| Lu, Hsueh-Yu | Department of Mechanical Engineering, National Cheng Kung University | Business Deputy General Manager of Microlife Corporation.<br>General Manager of Microlife Corporation.<br>General Manager of ONBO Electronic (Shenzhen) Co. LTD | General Manager of VEGA TECHNOLOGIES INC. | 0 | Not Applicable |

# Bionime Corporation

## Article of Incorporation

General

Article 1: The company is organized in accordance with the provisions of the Company Law Co., Ltd. and is named Bionime Corporation, Ltd.

Article 2: The business of the company is as follows:

1. F108031 Medical Equipment Wholesale Industry (limited to the Republic of China Industry Standard Classification 4565 Watches and Glasses Wholesale Industry, 4571 Pharmaceutical and Medical Supplies Wholesale Industry and 4649 other Machinery and Equipment Wholesale Industry) .

2. IG01010 Biotechnology Service Industry (limited to the Republic of China Industry Standard Classification 7210 Natural and Engineering Science Research Service Industry).

3. F113030 Precision Instrument Wholesale Industry (limited to the Republic of China Industry Standard Classification 4564 Household Photographic Equipment and Optical Products Wholesale Industry and 4649 other Machinery and Equipment Wholesale Industry).

4. CF01011 Medical Equipment Manufacturing Industry (limited to the Republic of China Industry Standard Classification 2760 Radiation and Electronic Medical Equipment Manufacturing, 3321 Glasses Manufacturing and 3329 other Medical Equipment and Supplies Manufacturing).

5. CC01101 Telecom Control RF Equipment Manufacturing (limited to the Republic of China Industry Standard Classification 2721 Telephone and Mobile Phone Manufacturing, 2729 Other Communication Equipment Manufacturing, 2751 Measurement, Navigation and Control Equipment Manufacturing and 2760 Radiation and Electronic Medical Equipment Manufacturing).

6. F401021 Telecom Control RF Equipment Input Industry (limited to the Republic of China Industry Standard Classification 4642 Electronic Equipment and its Components Wholesale Industry).

Article 3: The Company may guarantee and transfer the investment externally depending on the needs of the business, and may be a limited liability shareholder of the company as determined by the Board of Directors. The total amount of the transferred investment shall be exempt from the paid-in capital of the company, unless provided limited 40 % by the law.

Article 4: The Company has a headquarter in Taichung. It may have a resolution of the Board of Directors to set up branches at home and abroad according to law if necessary.

Article 5: The announcement method of the Company shall be handled in accordance with Article 28 of the Company Law.

Share

Article 6: The total capital rating of the company is NT$700 million, divided into 70 million of shares, and each NT$ 10 is collected and distributed in batches.The first capital amount shall be retained in NT$ 60 million for the issuance of employee stock option vouchers, special stocks with warrants or company warrants with a total of 6 million shares, and a total of NT$10 per share, released separately. When the company's shares are legally purchased by the company, the Board of Directors is authorized to make provisions according to law.

Article 7 : The shares of the Company are registered in the form of signatures, signed or sealed by more than 3 directors, and issued by the competent authority or its approved issuing and registration agency. After the company publicly issues shares, it is exempted from printing stocks, but it should be registered with the securities centralized storage institutions.

Article 8: After the public offering of shares by the Company, the share operations shall be handled in accordance with the "Guidelines for the Administration of Shares of Publicly Issued Stock Companies".

Article 9 : Within 30 days before the regular meeting of shareholders, within 15 days before the temporary meeting, or within 5 days before the date on which the company decides to distribute dividends or other benefits, the transfer of shares shall be suspended. After the company publicly issues shares, the company shall stop the stock transfer within 30 days before the meeting of the shareholders' temporary meeting within 60 days before the meeting of the shareholders' meeting.

Chapter 3 Shareholders' Meeting

Article 10: Shareholders will be divided into ordinary and extraordinary session two kinds, regular session once, within six months after the end of the year, according to the law by the Board of Directors convened every accounting, convened in extraordinary session if necessary according to the law every year. The convening of the shareholders' meeting shall be notified in accordance with the Company Law, the Securities Exchange Law and the relevant laws and regulations promulgated by the securities authorities. The convening notice of the shareholders' meeting is approved by the shareholders and can be acquired electronically.

Article 11: Shareholders unable to attend the shareholders' meeting, may, in accordance with Article 177 of the Company Act, issued power of attorney, appoint proxies to attend. After the company's public offering of shares, it is handled in accordance with the "Public Issuance Company's Participation in the Shareholders' Meeting Using the Power of Attorney Rules".

Article 12: When the shareholders' meeting meets, the chairman of the Board of Directors shall be the chairman. When the chairman absence, the chairman shall appoint one of the directors. If not appointed, the directors shall act as one agent for each other. When the shareholders of the company are only one person of the legal person, the powers of the shareholders' meeting of the Company shall be exercised by the Board of Directors and the shareholders' meeting of this Articles shall not apply.

Article 13: Each shareholder of the company has one vote per share.

Article 14: The resolutions of the shareholders' meeting, except as otherwise provided for in the company law and related laws and regulations, shall be attended by the shareholders who represent more than half of the total number of issued shares in person or by proxy, with the consent of more than half of the voting rights of the shareholders.

Article 15 : The resolutions of the shareholders' meeting shall be made into a deliberation, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The minutes of the meeting shall record the year, month, day, place of the meeting, the name of the chairman, the method of resolution, the essentials of the proceedings and the results of the meeting, and shall be kept forever during the company's existence. The attendance letter of the shareholders and the power of attorney to attend the shareholders shall be kept for at least one year. However, the case filed by the shareholders in accordance with Article 189 of the Company Law shall be kept until the end of the lawsuit. The production and distribution of the previous proceedings can be announced.

Chapter 4 Director and Supervisor

Article 16: The company has 5-7 directors and 3 supervisors, all of whom are elected by the shareholders' meeting. They are appointed for a term of 3 years and are eligible for re-election. After the election, the Board of Directors may decide to purchase liability insurance for the directors and supervisors of the company. After the company publicly issues shares, the total shareholding ratio of all directors and supervisors shall be in accordance with the Company Law and the securities regulatory authority.

Article 16-1: After the public issuance of shares, the number of independent directors in the above-mentioned directors shall not be less than two, and shall not be less than 1/5 of the number of directors. The independent director shall adopt the nomination system for candidates and shall be independent by the shareholders' meeting. Elected from the list of candidates for directors., Nominated way elected means and other matters shall be handled relevant professional qualifications of independent directors, shareholders, part-time restrictions, recognized the independence of the pertinent regulations of the Securities Act and the provisions of the competent authority.

Article 16-2: After the company publicly issues shares, there shall be more than half of the seats between the directors. At least one or more of the supervisors or supervisors and the directors shall not have one of the following relationships:

1. The spouse

2. Relatives within the second parent

Article 17 : When the director's vacancy reaches 1/3, the Board of Directors shall convene a by-election of the shareholders' temporary meeting within the time limit prescribed by the law. The term of office is limited to the term of the original term.

Article 18: When the term of office of the supervisor of the directors expires and is not re-elected, he or she shall be extended to perform his duties until the election of the supervisor of the directors.

Article 19: Directors organize the Board of Directors, and the Board of Directors shall be represented by more than 2/3 of the directors and more than half of the directors, and one chairman shall be elected to perform all matters of the company in accordance with the resolutions of the laws, regulations, shareholders' meeting and the Board of Directors.

Article 20: The operating principle and other important matters, by resolution of the Board of Directors, in addition to each first Board of Directors convened in accordance with the Article 203 of the Company Law , the remaining convened by the chairman of the board and served as chairman. When the duties cannot be performed, the directors shall appoint one of the directors to act as agents. If they are not appointed, the directors shall appoint each other to act on their behalf. The company convened the Board of Directors to notify the directors and supervisors in writing, electronically (e-mail) and by fax.

Article 21: In addition to the Company Law, a board meeting shall be attended by more than half of the directors, with the consent of more than half of the directors. If the director is unable to attend for any reason, he/she shall be issued with a power of attorney stating the scope of the convening of the convening and entrusting other directors to attend the Board of Directors, but only one person shall be entrusted by one person. When the Board of Directors meets, it is possible for the video conference to be held. The directors who attend the meeting by video are deemed to be present in person.

Article 22: The proceedings of the Board of Directors shall be made into a deliberation record, signed or sealed by the chairman, and within 20 days after the meeting, the proceedings shall be distributed to the directors, and the proceedings shall record the essentials of the proceedings and their results. The record and the letter of attorney of the attending director and the power of attorney of the attendance are kept in the company. The production and distribution of the previous proceedings can be made electronically.

Article 23: The supervisor shall exercise the power of supervision separately and in accordance with the law, and may attend the board meeting, but may not participate in the voting.

Article 23-1: The company's directors and supervisors and the directors' salary and other allowances for the implementation of the company's business, regardless of operating profit and loss, can be authorized by the Board of Directors to set standard payment.

Chapter 5 Managers and Staff

Article 24: The Company has a general manager and a number of managers. The appointment and dismissal of the company is carried out by the Board of Directors with a majority of the directors.

Article 25: The company may appoint a consultant and an important staff member through the Board of Directors in accordance with the resolutions stipulated in Article 24 of the statute.

Article 26: Other employees of the Company shall be appointed and removed by the general manager in accordance with internal operations.

Chapter 6 Final Account

Article 27: At the end of the accounting year, the following tables shall be prepared by the Board of Directors. Before the meeting of the shareholders' meeting, 30 days before the meeting, the supervisor shall submit it to the regular meeting of shareholders for approval:
1. Business report
2. Financial statements
3. The proposal of surplus distribution or loss compensation

Article 28: The Company shall distribute the remuneration of the employees at a rate not less than 1.5% of the profitability of the current year and shall be paid by the directors at a rate not higher than 3% of the profitability of the current year , but the company still has accumulated losses. Should be remedied.The profitability of the current year referred to in the preceding paragraph refers to the pre-tax profit of the year minus the benefits before the employee's remuneration and the compensation of the directors.

The distribution of employee compensation and compensation of the directors shall be reported by the Board of Directors with a resolution of more than 2/3 of the directors and a majority of the directors' attendance and report to the shareholders' meeting. Employee compensation is available in stock or cash, and is distributed to employees of subordinate companies who meet certain conditions.

Article 28-1: If the company's annual final accounts have surpluses, it shall first pay taxes, make up for accumulated losses over the years , and 10% of them are statutory surplus reserves, and make or transfer according to law or the competent authority. Special surplus reserve, if there is still surplus, the balance will be added to the accumulated undistributed surplus of the previous year. The Board of Directors proposes a distribution proposal, which will be distributed after the resolution of the shareholders' meeting.

The company's dividend policy will allocate the retained earnings to shareholders in the form of stock dividends and cash dividends based on the company's future capital expenditure budget and capital demand. The cash dividend ratio shall not be less than 5% of the total dividends of the shareholders.

Article 28-2: After the company publicly issues shares, if there is a plan to revoke the public offering, it shall report to the shareholders meeting in 2/3 to pass the resolution, and will not change during the period of the cabinet and during the listing period.

Chapter 7 Supplementary Articles

Article 29: The company's organization procedures and rules of procedure shall be determined by the Board of Directors.

Article 30: Items not covered by the Articles of Association shall be handled in accordance with the Company Law and other laws and regulations.

Article 31: This Articles of Incorporation was drawn up on March 26, 2003.
First amendment was effected on May 20, 2003.
Second amendment was effected on November 5, 2003.
Third amendment was effected on June 30, 2004.
Fourth amendment was effected on February 21, 2005.
Fifth amendment was effected on March 10, 2005.
Sixth amendment was effected on March 16, 2006.

Seventh amendment was effected on June 29, 2007.

Eighth amendment was effected on October 17. 2007.

Ninth amendment was effected on June 30, 2009.

Tenth amendment was effected on March 25, 2010.

Eleventh amendment was effected on June 9, 2011

Twelfth amendment was effected on June 28, 2013

Thirteenth amendment was effected on February 7, 2014.

Fourteenth amendment was effected on February 5, 2016.

# Bionime Corporation

## Rules of Procedure for Shareholders Meetings

Article 1: In order to establish a good shareholder governance system, improve supervision functions and strengthen management functions of the Company, these rules are formulated to be followed.

Article 2: The rules of procedure of the shareholders' meeting of the Company shall be in accordance with these rules, unless provided by laws or regulations.

Article 3: The shareholders' meeting is divided into two types: regular meetings and temporary meetings. The regular meeting shall be convened at least once a year and shall be convened within 6 months after the end of each fiscal year. The Board of Directors shall convene in accordance with Article172 of the Company Law.

Article 4: The Company shall stop the transfer of shares within 30 days before the meeting of the shareholders' general meeting within 60 days before the meeting of the shareholders' meeting.

Article 5: The convening of the shareholders' general meeting of the company shall be notified to the shareholders 30 days before; the convening of the shareholders' temporary meeting shall be 15 days before. The notice and announcement shall state the cause of the convening; the notice may be acquired electronically by the counterparty. Appointment or dismissal of directors, supervisors, change the constitution, dissolution, merger, division or section 185 of the Companies Act. Article 26-1 of the Securities Exchange Act matters Article 43-6 should be convened in the subject Listed, may not be proposed by a temporary motion.

Shareholders holding more than one percent of the total number of issued shares were able to file a standing meeting of shareholders with the company in writing. However, if one of the proposals exceeds one, it is not included in the proposal. Another shareholder proposed Section 4 of Article 172-1 of the Company Law, the Board of Directors could not be classified as motion. The company shall announce the acceptance of the shareholders' proposal, the acceptance of the premises and the acceptance period before the suspension of the stock transfer before the shareholders' meeting. The acceptance period shall not be less than 10 days.

The proposal proposed by the shareholders is limited to 300 words. Those who exceed 300 words will not be included in the proposal; the shareholders of the proposal should attend the shareholders' meeting in person or authorized others and participate in the discussion of the proposal. The Company shall notify the proposal shareholders of the results of the processing before the date of the notice of the meeting of the shareholders' meeting, and shall include the resolutions stipulated in this Article in the notice of the meeting. For shareholders' proposals that are not included in the proposal, the Board of Directors shall explain the reasons for not being included in the shareholders' meeting.

Article 6: The place where the shareholders' meeting is convened shall be at the place where the company is located or where the convenience shareholders are present and suitable for the meeting of the shareholders' meeting. The meeting shall start no earlier than 9 am or later than 3 pm. When setting up an independent director, the company should fully consider the opinions of independent directors at the place and time of the meeting.

Article 7: Shareholders may issue a power of attorney issued by the company at each shareholder meeting, stating the scope of authorization, entrusting an agent, and attending the shareholders' meeting. A shareholder who issues a power of attorney and is limited to one person shall be served on the company 5 days before the meeting of the shareholders' meeting. When the power of attorney is repeated, the first person to serve shall prevail. However, the declarant is not included in the statement.

After the power of attorney is delivered to the company, the shareholders who wish to attend the shareholders' meeting in person or wish to exercise their voting rights in writing or electronically shall notify the company in writing of the cancellation of the entrustment 2 days before the meeting of the shareholders' meeting; The voting right of the person attending the exercise shall prevail.

Article 8: The company shall set up a signature book for the attending agent (below refer to shareholder) entrusted by the shareholder or the shareholder to sign in, or the attending shareholder shall pay the sign-in card to sign on behalf of the shareholder. The company shall deliver the meeting agenda, annual reports, attendance certificates, speeches, votes and other meeting materials to the shareholders attending the shareholders' meeting, those who elect the directors or supervisors shall be accompanied by an election ticket.

Shareholders shall attend the shareholders' meeting with attendance card, attendance card or other attendance certificate; the requester who is a request for power of attorney shall be accompanied by proof of identity for verification. When a government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one person. When a legal person is entrusted to attend a shareholder meeting, only one representative must be appointed to attend.

Article 9: If the shareholders' meeting is convened by the Board of Directors, the chairman shall be the chairman of the Board of Directors. If the chairman of the Board of Directors asks for leave or fails to exercise his functions and powers, shall be represented by the vice chairman, and no vice chairman or vice chairman shall take leave or cause. Therefore, when the supervisory authority cannot be exercised, the chairman of the Board of Directors shall appoint one of the standing directors; if there is no permanent director, the designated director shall be the agent of one of them. If the chairman does not appoint an agent, the managing director or the director shall push one agent for each other. The shareholders' meeting convened by the Board of Directors shall have more than half of the directors of the Board of Directors to attend. If the shareholders' meeting is convened by other convener holders other than the Board of Directors, the chairman shall be the convener, and if there are more than two convener holders, one person shall be appointed to each other. The company may assign lawyers, accountants or related personnel appointed to attend the shareholders' meeting.

Article 10: The attendance of the shareholders' meeting shall be based on the shares. The number of shares attending is based on the signature book or the signed card, and the number of shares in the voting right is calculated in writing or electronically.At the time of the meeting, the chairman shall announce the meeting. However, if the shareholders who have not represented more than half of the total number of shares in issue are present, the chairman may announce the postponement of the meeting. The number of delays shall be limited to 2 times, and the total time of the delay shall not more than one hour. The second time after the delay was still insufficient to represent more than 1/3 of the total number of issued shares, the chairman announced the meeting isfail to be convened.

If the second item of the preceding paragraph is still insufficient and the shareholders representing more than 1/3 of the total number of issued shares are present, they may make a false resolution in accordance with Section 1 of Article 175 of the Company Law, and notify the shareholders of the resolution in one month. The shareholders meeting will be convened again. Before the end of the meeting, if the number of shares represented by the shareholders reaches more than half of the total number of issued shares, the chairman will make a false resolution and resubmit it to the shareholders' meeting for voting according to Article 174 of the Company Law.

Article 11: The Company shall record or record the entire meeting of the shareholders' meeting and keep it for at least one year. However, the case filed by the shareholders in accordance with Article 189 of the Company Law shall be kept until the end of the lawsuit.

Article 12: If the shareholders' meeting is convened by the Board of Directors, its agenda shall be determined by the Board of Directors. The meeting shall be conducted according to the scheduled agenda and may not be changed without the resolution of the shareholders' meeting. If the shareholders' meeting is convened by other convener holders other than the Board of Directors, the provisions of the preceding paragraph shall apply.

Before the agenda of the first two items is scheduled to be closed (including the temporary motion), the chairman may not announce the meeting without a resolution; the chairman violates the rules of procedure and announces that the members of the Board of Directors and other members of the Board of Directors shall promptly assist the attending shareholders in accordance with the law. A majority of the shareholders who voted at the voting rights voted to elect one person to serve as the chairman and continue the meeting. The Chairman shall give full explanation and discussion to the proposal and the amendments or temporary motions proposed by the shareholders. If it is considered to have reached the level of voting, it may be declared to stop the discussion and put a vote.

Article 13: Before attending a speech by a shareholder, it is necessary to fill in a speech to indicate the main idea of the speech, the shareholder number (or attendance certificate number) and the name of the household. The chairman shall determine the order of his speech. Those who attend the shareholders' speech only and do not speak are deemed to have not spoken. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail.

Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and may not more than 5 minutes at a time. However, if the shareholder speaks in violation of the regulations or exceeds the scope of the issue or affects the order of the meeting, the chairman may stop his speech or announce the suspension of the discussion. And carry out other agendas or procedures. When attending a shareholder's speech, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder. The violators shall stop it. When a legal person shareholder appoints two or more representatives to attend the shareholders meeting, the same motion may only be pushed by one person. After attending the shareholders' speech, the chairman may personally or designate the relevant personnel to reply.

Article 14: Shareholders of the Company have one vote per share. In the case of one of the following circumstances, the shares have no voting rights:

1. The company holds its own shares in accordance with the law.

2. A subsidiary company that holds more than half of the total number of shares with voting rights or more than half of the total amount of shares held by the company.

3. The controlling company and its subordinate companies directly or indirectly hold the shares of the controlling company and its subordinate companies owned by the company and the total number of shares in which the company has issued voting rights or more than half of the total capital.

When the company convened a shareholders' meeting, it may adopt its written or electronic voting rights. When it exercises its voting rights in writing or electronically, its method of exercise shall be stated in the notice convened by the shareholders' meeting. Exercise of shareholder voting rights of the table in writing or by electronic means shall be deemed to attend the shareholders' meeting. However, the temporary motion of the shareholders' meeting and the amendment of the original proposal are deemed to be abstentions. Therefore, the company should avoid making amendments to the temporary motion and the original motion.

Where the preceding paragraph is exercised in writing or electronically, the meaning of the voting shall be sent to the company 2 days before the meeting of the shareholders' meeting, meaning that there is a repetition, whichever is first served. However, the person who stated before the statement was revoked is not limited to this. After the shareholders exercise their voting rights in writing or electronically, if they wish to attend the shareholders' meeting in person, they shall revoke the meaning of the exercise of voting rights in the preceding section in the same manner as the exercise of voting rights two days before the meeting of the shareholders' meeting; the overdue revocation shall be exercised in writing or electronically. The voting rights shall prevail.

If the voting rights are exercised in writing or electronically and the agent is entrusted to attend the shareholders' meeting by proxy, the voting rights of the entrusted agent to attend the exercise shall prevail. The voting of the resolution is approved by a majority of the voting rights of the attending shareholders with the exception of the Company Law and the Articles of Incorporation. At the time of voting, the chairman or his designee shall announce the total number of voting rights of the shareholders on a case-by-case basis. The shareholders shall vote on a case-by-case basis on the day after the shareholders' meeting, the results of the shareholders' consent, opposition or waiver shall be entered into the public information observatory.

When there is an amendment or an alternative to the same motion, the chairman shall decide the order of voting with the original case. If one of the cases has been passed, the other motions are deemed to be vetoed and no further votes are required. The scrutineer and the counting person of the voting of the proposal shall be appointed by the chairman, but the scrutineer shall have the status of a shareholder. The votes shall be made public at the shareholders' meeting, and the results of the voting shall be reported and recorded.

Article 15: The voting of the shareholders' meeting shall be based on the shares. The resolution of the shareholders' meeting is not included in the total number of issued shares, the number of shares of the non-voting shareholders. Shareholders shall not vote in the event of a meeting that has its own interests and is harmful to the interests of the company, and may not act on behalf of his shareholders to exercise their voting rights. The number of shares in which the voting rights are not exercised in the preceding paragraph shall not be counted in the voting rights of the shareholders present. Except for the trust business or the stock agency approved by the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, the voting right of the agent shall not exceed 3 percent of the total voting rights of the issued shares, and if it exceeds the voting right, it is not calculated.

Article 16: The resolutions of the shareholders' meeting shall be attended by shareholders who represent more than half of the total number of shares in issue unless provided by the company law and other laws and regulations, and shall agree to attend more than half of the voting rights of the shareholders. At the time of voting, it shall be deemed as passed and its validity shall be the same as the voting if the chairman has no objection to the shareholders.

Shareholders who disagree with the proposal shall vote by way of voting in accordance with the provisions of the preceding section. In addition to the proposals set out in the agenda, other proposals proposed by shareholders or amendments or alternatives to the original proposal shall be seconded by other shareholders. When there is an amendment or an alternative to the same motion, the chairman shall decide the order of voting with the original case. If one of the cases has been passed, the other motions are deemed to be vetoed and no further votes are required.The scrutineer and the counting person of the voting of the proposal shall be appointed by the chairman, but the scrutineer shall have the status of a shareholder. The votes shall be made public at the shareholders' meeting, and the results of the voting shall be reported and recorded.

Article 17: When a shareholder elects a director or supervisor, it shall handle it according to the relevant selection rules set by the company, and shall announce the results of the election. The election votes for the election items referred to in the preceding paragraph shall be sealed and signed by the scrutineer and kept in good condition for at least one year. However, the case filed by the shareholders in accordance with Article 189 of the Company Law shall be kept until the end of the lawsuit.

Article 18: The resolutions of the shareholders' meeting shall be made into a deliberation, signed or sealed by the chairman, and the minutes of the meeting shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of the meeting agenda can be made electronically.

For the distribution of the meeting agenda in the preceding paragraph, the company was able to enter the public information observatory's announcement method. The minutes of the meeting shall record the year, month, day, place of the meeting, the name of the chairman, the method of resolution, the essentials of the meeting agenda and the results, and shall be kept forever during the company's existence. The production and distribution of the previous meeting agenda can be made electronically.

Article 19: The number of shares acquired by the solicitor and the number of shares represented by the entrusted agent shall be clearly disclosed in the shareholders' meeting at the date of the meeting of the shareholders meeting.The resolutions of the shareholders' meeting shall be reported in accordance with the laws and regulations.

Article 20: The conference personnel handling the shareholders' meeting shall wear identification cards or armbands. The chairman must direct the picket or security personnel to help maintain the order of the venue. When the picket or security guard is present to help maintain order, the "picket" badge or identification card should be worn.The chairman shall have the equipment for sound reinforcement. If the shareholder does not speak with the equipment configured by the company, the chairman shall stop it.If the shareholder violates the rules of procedure and does not obey the chairman's rectification, and the obstruction of the meeting is not stopped, the chairman may direct the picket or security personnel to leave the venue.

Article 21: The chairman may decide to rest at an optional time when the meeting is held. The chairman may decide to suspend the meeting temporarily and announce the time for the resumption of the meeting as appropriate when an irresistible situation occurs. Before the final of the shareholders' meeting (including the extemporary motion), the venue for the meeting will not be used at that time. It is up to the shareholders' meeting to decide to continue the meeting. The shareholders' meeting may decide to procrastinate or resume the assembly within 5 days in accordance with Article 182 of the Company Law.

Article 22: These rules shall be implemented after the approval of the shareholders' meeting, and the same shall apply to the amendments

# Bionime Corporation

## Procedures for Election of Directors and Supervisors

Article 1: This regulation is based on the Company Law, Securities and Exchange Law, Articles of Incorporation and the regulations of the competent authority.

Article 2: When the company has independent directors, its election and the selection of non-independent directors and supervisors shall be handled in accordance with this regulation, unless provided by laws or regulations.

Article 3: The Board of Directors shall convene a by-election of the shareholders' temporary meeting within 30 days when the directors are short of 1/3 or supervisors are dismissed, and the term of office shall be limited to the period of replenishment of the original term. After the company publicly issues shares, the Board of Directors shall convene a by-election for the shareholders' meeting within 60 days. When the company has independent directors, if there are any defects in the following circumstances, the election operation shall be carried out in accordance with the following circumstances:

1. The independent directors were dismissed for any reason, resulting in insufficient number of people in the regulations.

2. Independent directors are dismissed.

Article 4: When the government or legal person is a shareholder of the company, it shall not be elected or act as a director and supervisor of the company at the same time except by the competent authority, and the second regulation of Article 27 of the Company Law shall not apply. Except as approved by the competent authority, there shall be more than half of the directors of the company, and may not have one of the following relationships:

1. The spouse.

2. Relatives within the second parent.

Except as approved by the competent authority, the company shall have at least one or more of the supervision personnel or supervisors and directors, and shall not have one of the relations of the preceding regulations.

Article 5: When the elected director or supervisor of the company does not comply with the second or third of the preceding section, the elected director or supervisor shall be determined according to the following regulations:

1. If the directors do not meet the requirements or the votes of the directors who do not meet the requirements are lower, the election will be invalid.

2. If the supervisor does not comply with the regulations, the preceding regulation shall apply.

3. If there is any inconsistency between the supervisor and the director or the votes of the supervisors who do not meet the requirements are lower, the election will be invalid.

If the director or supervisor has violated the regulation of the second or third section, the application of the preceding regulation shall be taken for granted. When the shareholders of the company are elected as directors and supervisors at the same time, they shall decide to act as directors or supervisors at their own discretion, and their vacancies shall be supplemented by the majority of the voting rights.

Article 6: The qualifications of the independent directors of the Company shall be in accordance with the Articles 2, 3 and 4 of the regulation for “The Establishment and Compliance of Independent Directors at Public Companies”.

Article 7: The election of independent directors of the company shall be conducted in accordance with the nomination system stipulated in Articles of Incorporation. The company shall announce the period of acceptance of the nomination of independent directors before the date of suspension of stock transfer and the shareholders meeting. The number of independent directors shall be elected, the premises for acceptance and other necessary matters, and the period of acceptance shall not be less than 10 days.

The company can propose a list of candidates for independent directors in the following ways. It will be sent to the shareholders meeting for election after the Board of Directors evaluates that it meets the requirements of the independent directors:

1. A shareholder holding more than one percent of the total number of issued shares can submit a list of candidates for independent directors in writing to the company. The number of nominees must not exceed the number of independent directors.

2. A list of candidates for independent directors shall be proposed by the Board of Directors, and the number of nominees shall not exceed the number of independent directors.

3. Other methods prescribed by the competent authority.

When the shareholders and the Board of Directors provide the list of recommendations according to the preceding regulations, they shall attach the name, qualifications, experience, the undertaking of the independent directors after the election, the statement of the circumstances of Article 30 of the company law and other relevant supporting documents. If the Board of Directors or other shareholders is convened by the shareholders' meeting, the nominee of the independent director shall be examined. In addition to one of the following circumstances, it shall be included in the list of candidates for independent directors:

1. The nominated shareholders shall submit it outside the period of acceptance of the announcement.

2. When the nominated shareholder suspends the stock transfer in accordance with Item 2 or 3 of Article 165 of the Company Law, the shareholding is less than 1%.

3. The number of nominees exceeds the number of independent directors.

4. The relevant supporting documents specified in the preceding regulation have not been attached.

Article 8: In this election of the directors and supervisors, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The highest numbers of voting rights will be elected as directors or supervisors. Independent directors and non-independent directors should be elected together, respectively, to calculate the elected places separately.

Article 9: If independent director, elected by The Board of Directors, violates Article 6 or Article 7 of this Articles of Incorporation in the term of office, shall be dismiss and it could not change its identity to non-independent director. It is not allow to transfer to independent director directly in the term of office when elected as non-independent director by The Board of Directors.

Article 10: The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 11:The number of directors and supervisors will be as specified in this Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective number of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 12:Before the election begins, the Chairman shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 13: If a candidate is a shareholder, a voter must enter the candidate’s account name and shareholder account number in the “candidate” column of the ballot; for a non-shareholder, the voter shall enter the candidate’s full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 14: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account name do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account name (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 15: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, independent directors and supervisors, shall be announced by the Chairman.

Article 16: The Board of Directors of this Corporation shall issue notification to the persons elected as directors, independent directors and supervisors.

Article 17: No specified matter shall be operated in accordance with the Company Act, Securities and Exchange Law and the relevant laws and regulations.

These Articles shall be implemented after adoption by shareholders' meeting.

# Bionime Corporation

Shareholdings of All Directors and Supervisors

Book closure date: April 22, 2019

| Position | Name | Date of election | Term of Office | Number of share held at the time of election | | Number of share held now | |
|---|---|---|---|---|---|---|---|
| | | | | shares | Percentage of issued shares | shares | Percentage of issued shares |
| Chairman | Huang,Chun-Mu | 105.02.05 | 3 | 2,405,492 | 3.79% | 2,405,492 | 4.05% |
| Director | Chiang,Tai-Hsiung | 105.02.05 | 3 | 807,657 | 1.27% | 807,657 | 1.36% |
| Director | HUA ENG WIRE&CABLE CO.,LTD Representative：Lin,Ming-Hsiang | 105.02.05 | 3 | 7,807,900 | 12.31% | 7,807,900 | 13.13% |
| Director | TONGHUA DONGBAO Pharmaceutical CO., LTD. | 105.02.05 | 3 | 12,000,000 | 18.91% | 12,000,000 | 20.19% |
| Independent Director | Tsai ,Gan-Ren | 105.02.05 | 3 | 0 | 0.00% | 0 | 0.00% |
| Independent Director | Kuo, Li-Jen | 105.02.05 | 3 | 0 | 0.00% | 0 | 0.00% |
| Independent Director | Lu,Hsueh-Yu | 105.02.05 | 3 | 0 | 0.00% | 0 | 0.00% |
| Total | | | | 23,021,049 | 36.28% | 23,021,049 | 38.73% |
| Supervisor | Su,Chin-Pin | 105.02.05 | 3 | 1,087,817 | 1.71% | 1,087,817 | 1.83% |
| Supervisor | Tai,Tsung-Kai | 105.02.05 | 3 | 405,236 | 0.64% | 405,236 | 0.68% |
| Supervisor | Lin,Chien-Hsing | 105.02.05 | 3 | 12,501 | 0.02% | 12,501 | 0.02% |
| Total | | | | 1,505,554 | 2.37% | 1,505,554 | 2.53% |

1. Type: Common stock
2.Totally shares issued: 59,500,794 shares
3. All directors of the Company shall hold shares: 4,760,063 shares
4. All supervisors of the Company shall hold shares: 476,006 shares