Stock Code:4737

BIONIME CORPORATION

FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8～10
(4) Summary of significant accounting policies	10～26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26
(6) Explanation of significant accounts	27～58
(7) Related-party transactions	58～61
(8) Pledged assets	61
(9) Significant commitments and contingencies	61～62
(10) Losses Due to Major Disasters	62
(11) Subsequent Events	62
(12) Other	63
(13) Other disclosures	
(a) Information on significant transactions	64～65
(b) Information on investees	65
(c) Information on investment in mainland China	66
(d) Major shareholders	66
(14) Segment information	67
9. List of major account titles	68～81

Independent Auditors' Report

To the Board of Directors of Bionime Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

We have determined the matter described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

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

Description of key audit matters:

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

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

<u>How the matter was addressed in our audit</u>

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

2. Assessment of Inventory

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

Description of key audit matters:

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

<u>How the matter was addressed in our audit</u>

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

3. Assessment of Accounting Receivable

The accounting principle of Accounts Receivable refers to financial statements Note 4 (f) “ Financial instruments” ; Accounting receivable of Accounting Assumptions, Judgments and Estimation Uncertainty, refers to financial statements Note 5 (b) ; The explanation of accounting receivable refer to financial statements Note 6 (c) “ Notes and Trade Receivable, Trade Receivable-related parties ” .

Description of key audit matters:

The Company’ s accounts receivable are concentrated among certain customers. Allowance evaluation on accounts receivable contains management’ s subjective judgment. Therefore, the assessment on accounts receivable is one of the key audit matter.

<u>How the matter was addressed in our audit:</u>

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

4. Development Cost

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

Description of key audit matters:

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

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

How the matter was addressed in our audit:

Our principle audit procedures included:

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

BIONIME CORPORATION

Balance Sheets

December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current assets:				
Cash and cash equivalents (note 6 (a))	$ 266,706	6	263,052	6
Notes receivable, net (note 6 (c))	11,554	-	3,383	-
Trade receivable, net (note 6 (c))	374,936	9	623,582	14
Trade receivable-related parties, net (note 6 (c) and 7)	82,518	2	110,071	3
Other receivables (note 6 (d))	4,769	-	4,508	-
Other receivable-related parties(note (d) and 7)	82	-	381	-
Current income tax assets	14,611	-	18,543	-
Inventories (note 6 (e))	458,020	10	375,229	9
Prepayments (note 9 (b))	51,934	1	31,425	1
Other current assets (note 6 (k))	9,262	-	9,149	-
Other current financial assets (note 6 (k) and 8)	200	-	-	-
	1,274,592	28	1,439,323	33
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6 (b))	36,100	1	36,100	1
Investments accounted for using equity method (note 6 (f))	186,683	4	168,758	4
Property, plant and equipment (note 6 (h), 7 and 8)	2,610,332	58	2,659,787	60
Right-of-use assets (note 6 (i))	2,618	-	3,632	-
Intangible assets (note 6 (j))	205,569	5	49,273	1
Deferred tax assets (note 6 (r))	28,339	1	2,899	-
Prepayments for business facilities	67,110	2	39,066	1
Guarantee deposits paid	2,150	-	2,554	-
Defined benefit assets, net (note 6 (r))	452	-	-	-
Other non-current assets (note 6 (k))	53,758	1	-	-
	3,193,111	72	2,962,069	67
Total assets	$ 4,467,703	100	4,401,392	100

Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current liabilities:				
Short-term borrowings (note 6 (m) and 8)	$ 483,349	11	465,799	11
Short-term notes and bills payable (note 6 (l))	39,950	1	199,775	5
Notes payable	849	-	-	-
Trade payable	144,033	3	147,993	3
Trade payable-related parties (note 7)	375	-	1,575	-
Other payables	195,333	4	267,156	6
Other payables-related parties (note 7)	31,313	1	45,688	1
Payable on machinery and equipment	12,894	-	16,793	-
Current income tax liabilities	4,909	-	28,009	-
Current lease liabilities (note 6 (p))	1,343	-	1,225	-
Other current liabilities (note 6 (n) and 7)	14,156	-	9,486	-
Long-term borrowings, current portion (note 6 (o) and 8)	304,833	7	200,667	5
	1,233,337	27	1,384,166	31
Non-Current liabilities:				
Long-term borrowings (note 6 (o) and 8)	1,167,292	26	972,125	22
Deferred tax liabilities (note 6 (r))	163	-	96	-
Non-current lease liability (note 6 (p))	1,280	-	2,413	-
Defined benefit liability (note 6 (q))	-	-	15	-
Guarantee deposits received	4	-	-	-
	1,168,739	26	974,649	22
Total liabilities	2,402,076	53	2,358,815	53
Equity (note 6 (s))				
Ordinary share	617,558	14	596,698	14
Advance receipts for share capital	9,702	-	41,308	1
Capital surplus	1,402,306	31	1,337,126	30
Retained earnings	189,752	5	216,593	5
Other equity interest	(15,550)	-	(11,007)	-
Treasuny shares	(138,141)	(3)	(138,141)	(3)
Total equity	2,065,627	47	2,042,577	47
Total liabilities and equity	$ 4,467,703	100	4,401,392	100

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, 2020 and 2019

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
Net operating revenues (note 6 (w) and 7)	$ 1,601,953	100	2,053,362	100
Operating costs (note 6 (e), (j) and (x))	937,407	59	1,189,097	58
Gross profit from operations	664,546	41	864,265	42
Less:Net unrealized gains between affiliates	16,498	1	(5,765)	-
Net Gross profit from operations	648,048	40	870,030	42
Operating expenses (note 6 (c), (j), (r), (x) and 7))				
Selling expenses	202,244	13	253,170	12
Administrative expenses	184,730	12	227,284	12
Research and development expenses	246,360	15	253,691	12
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	23,224	1	10,176	-
	656,558	41	744,321	36
Net operating income	(8,510)	-	125,709	6
Non-operating income and expenses :				
Non-operating income:				
Interest income (note 6 (x))	166	-	387	-
Other income (note 6 (y) and 7)	18,357	1	12,823	1
Other gains and losses (note 6 (y), and 7)	1,523	-	(366)	-
Finance costs	(21,163)	(1)	(30,818)	2
Share of profit of associates accounted for using equity method	38,786	2	22,204	1
	37,669	2	4,230	4
Profit before income tax	29,159	2	129,939	10
Less: income tax expense (note 6 (r))	(33,275)	(2)	23,681	1
Profit (loss)	62,434	4	106,258	9
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurements of defined benefit plans (note (q))	316	-	(282)	-
	316	-	(282)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(4,543)	-	(5,507)	-
Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (r))	-	-	-	-
	(4,543)	-	(5,507)	-
Other comprehensive income (after tax)	(4,227)	-	(5,789)	-
Comprehensive income	$ 58,207	4	100,469	9
Earnings per share (NT dollars) (note 6 (u))				
Basic earnings per share	$	1.06		1.85
Diluted earnings per share	$	1.03		1.81

See accompanying notes to financial statements.

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

BIONIME CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

					Retained earnings						
	Ordinary shares	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance on January 1, 2019	$ 594,468	-	594,468	1,314,899	96,390	1,383	127,738	225,511	(5,500)	(138,141)	1,991,237
Profit for the year ended December 31, 2019	-	-	-	-	-	-	106,258	106,258	-	-	106,258
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	(282)	(282)	(5,507)	-	(5,789)
Comprehensive income for the year ended December 31,2019	-	-	-	-	-	-	105,976	105,976	(5,507)	-	100,469
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	12,773	-	(12,773)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	(114,894)	(114,894)	-	-	(114,894)
Employee stock options compensation costs	-	-	-	13,697	-	-	-	-	-	-	13,697
Employee stock options exercised	2,230	-	2,230	8,515	-	-	-	-	-	-	10,745
From share of changes in equity of subsidiaries	-	-	-	15	-	-	-	-	-	-	15
Advance receipts for share capital	-	41,308	41,308	-	-	-	-	-	-	-	41,308
Balance on December 31, 2019	**$ 596,698**	**41,308**	**638,006**	**1,337,126**	**109,163**	**1,383**	**106,047**	**216,593**	**(11,007)**	**(138,141)**	**2,042,577**
Balance on January 1, 2020	596,698	41,308	638,006	1,337,126	109,163	1,383	106,047	216,593	(11,007)	(138,141)	2,042,577
Profit for the year ended December 31, 2020	-	-	-	-	-	-	62,434	62,434	-	-	62,434
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	316	316	(4,543)	-	(4,227)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	62,750	62,750	(4,543)	-	58,207
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	10,626	-	(10,626)	-	-	-	-
Special reserve	-	-	-	-	-	5,579	(5,579)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	(89,591)	(89,591)	-	-	(89,591)
Employee stock options compensation costs	-	-	-	15,535	-	-	-	-	-	-	15,535
Employee stock options exercised	20,860	(41,308)	(20,448)	78,718	-	-	-	-	-	-	58,270
Advance receipts for share capital	-	9,702	9,702	-	-	-	-	-	-	-	9,702
Cash dividends of capital surplus	-	-	-	(29,073)	-	-	-	-	-	-	(29,073)
Balance on December 31, 2020	**$ 617,558**	**9,702**	**627,260**	**1,402,306**	**119,789**	**6,962**	**63,001**	**189,752**	**(15,550)**	**(138,141)**	**2,065,627**

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, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 29,159	129,939
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	147,594	150,056
Amortization expense	10,781	9,718
Expected credit (gain)/Provision for bad debt expense	23,224	10,176
Interest expense	21,163	30,818
Interest revenue	(166)	(389)
Share-based payments transactions	15,535	13,697
Share of loss (profit) of subsidiaries,associates and joint ventures accounted for using equity method	(38,786)	(22,204)
Gain on disposal of property, plan and equipment	(169)	(179)
Property, plan and equipment transferred to expenses	-	3,419
Gain on disposal of investments	-	(8)
Gain on lease modification	(12)	-
Net unrealized gains between affliates	16,498	(5,765)
Total adjustments to reconcile profit	195,662	189,339
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(8,171)	4,558
Trade receivable	225,422	(12,740)
Trade Recievable due from related parties	27,553	113,110
Other receivables	(261)	8,322
Other receivables due from related parties	299	5,308
Inventories	(83,334)	3,883
Other operating assets	(74,516)	(22,529)
	86,992	99,912
Changes in operating liabilities:		
Notes payable	849	(14)
Trade payable	(3,960)	(14,667)
Trade payable due from related parties	(1,200)	1,467
Other payables	(71,670)	14,085
Other payables due from related parties	(14,375)	6,852
Other operating liabilities	4,655	4,384
	(85,701)	12,107
Total changes in operating assets and liabilities	1,291	112,019
Total adjustments	196,953	301,358
Cash inflow generated from operations	226,112	431,297
Interest received	166	389
Interest paid	(21,141)	(32,043)
Income taxes paid	(11,266)	(694)
Net cash flows from (used in) operating activities	193,871	398,949
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,000)
Acquisition of investment using equity method	-	(2,520)
Acquisition of property, plant and equipment	(75,801)	(45,209)
Decrease (Increase) in refundable deposits	404	(1,553)
Acquisition of intangible assets	(166,995)	(49,577)
Increase in other financial assets	(200)	-
Increase in prepayments for business facilities	(52,495)	(42,942)
Other investing activities	-	15
Net cash flows from (used in) investing activities	(295,087)	(147,786)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,118,616	1,865,431
Decrease in short-term borrowings	(2,106,415)	(2,031,430)
Decrease in short-term notes and bills payable	(160,000)	(59,973)
Proceeds from long-term borrowings	700,000	50,000
Repayments of long-term borrowings	(400,667)	(76,764)
Cash dividends paid	(118,664)	(114,894)
Increase in guarantee deposits	4	-
Payment of lease liabilities	(1,324)	(551)
Proceeds from exercise of employee stock options	67,972	52,053
Net cash flows from (used in) financing activities	99,522	(316,128)
Effect of exchange rate changes on cash and cash equivalents	5,348	(6,529)
Net increase (decrease) in cash and cash equivalents	3,654	(71,494)
Cash and cash equivalents at beginning of period	263,052	334,546
Cash and cash equivalents at end of period	**$ 266,706**	**263,052**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

BIONIME CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(4) Summary of significant accounting policies

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

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value.

2) The defined benefit liability (asset) is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Foreign operations

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

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

4) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date；and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under equity method, net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

1) buildings and structures:5~50 years

2) machinery and equipment:2~8 years

3) molding equipment:2~3 years

4) transportation equipment:5 years

5) leasehold improvements:2~8 years

6) office and other equipment:3~5 years

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

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

(j) Leases

(i) Identifying a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset throughout the period of use only if either:

  a. the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

  b. the relevant decisions about how and for what purpose the asset is used are predetermined and:

     - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

BIONIME CORPORATION

Notes to the Financial Statements

- the customer designed the asset in a way that predetermines how and for what purpose it will be?used throughout the period of use.

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

(ii) As a lessee

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

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

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

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

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

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

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

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

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

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

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

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

(iii) As a lessor

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1. Computer Software: 1-5 years
2. Development cost: 4 years

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

(l) Impairment of non-financial assets

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

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

BIONIME CORPORATION

Notes to the Financial Statements

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

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

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

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

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Financing components

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

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

(n) Employee benefits

(i) Defined contribution plans

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

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(o) Share-based payment

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(p) Income taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(q) Earnings per share

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

(r) Operating segments

Please refer to the consolidated financial statements of Bionime Corporation for the years ended December 31, 2020 and 2019.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(a) Valuation of inventories

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

(b) The loss allowance of trade receivable

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

		December 31, 2020	December 31, 2019
Petty cash and cash on hand	$	1,399	538
Demand deposits		265,307	262,514
Cash and cash equivalents in the statement of cash flow	$	**266,706**	**263,052**

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

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

Financial assets at fair value through other comprehensive income

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

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

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

For market risk, please refer to note 6(y).

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

(c) Notes and trade receivable

		December 31, 2020	December 31, 2019
Note receivables from operating activities	$	**11,554**	**3,383**
Trade receivables-measured as amortized cost		410,991	636,413
Trade receivables-related parties-measured as amortized cost		82,518	110,071
Less：Loss allowance		(36,055)	(12,831)
	$	**457,454**	**733,653**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	380,262	- %	-
1 to 90 days past due	92,421	6.31%	5,833
91 to 180 days past due	7,866	72.57%	5,708
More than 181 days	24,514	100%	24,514
Past due	$ 505,063		36,055

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	598,223	- %	-
1 to 90 days past due	132,247	- %	-
91 to 180 days past due	15,809	58.47%	9,243
More than 181 days	3,588	100%	3,588
Past due	$ 749,867		12,831

The movement in the allowance for notes and trade receivable was as follows:

	For the years ended December 31,	
	2020	**2019**
Balance on January 1	$ 12,831	2,715
Impairment losses recognized	23,224	10,176
Amounts written off	-	(60)
Balance on December 31	$ 36,055	12,831

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

(d) Other receivables (including related parties)

	December 31, 2020	**December 31, 2019**
Other accounts receivable	$ 4,769	4,508
Other accounts receivable-related parties	82	381
	$ 4,851	4,889

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

BIONIME CORPORATION

Notes to the Financial Statements

(e) Inventories

		December 31, 2020	December 31, 2019
Finished goods	$	61,843	27,066
Less: Allowance for inventory valuation losses		(11,704)	(4,931)
		50,139	22,135
Work in progress		319,832	261,811
Less: Allowance for inventory valuation losses		(13,690)	(6,707)
		306,142	255,104
Raw materials		115,258	106,586
Less: Allowance for inventory valuation losses		(13,519)	(8,596)
		101,739	97,990
	$	458,020	375,229

The detail of inventory write-downs as follows:

		For the years ended December 31, 2020	2019
Provisions (reversal of provision) for inventory valuation and obsolescence	$	18,679	(5,568)
Losses on disposal of scrap		6,959	11,111
Gains on physical inventory		(281)	(342)
Gains on disposal of leftover bits and pieces		(3,688)	(4,927)
Operating costs recognized	$	21,669	274

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

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

(f) Investments accounted for using equity method

A summary of the Company’s financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2020	December 31, 2019
$	186,683	168,758

(i) Subsidiary

Please refer to 2020 consolidated statement report.

(ii) As of December 31, 2020 and 2019, the Company did not provide any investment accounted for using equity method as collateral for its loans.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

Recognized new shares issued by subsidiaries not by shareholding ratio:

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

The effects of the changes in shareholdings were as follows:

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

(h) Property, plant and equipment

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

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Cost or deemed cost:								
Balance at January 1, 2020	$ 1,420,840	867,169	748,199	151,199	1,588	17,066	503,665	3,709,726
Additions	-	3,866	50,161	3,334	-	-	14,541	71,902
Disposals	-	-	(9,352)	(3,200)	-	-	(1,432)	(13,984)
Reclassification	-	-	22,675	1,694	-	-	543	24,912
Balance at December 31, 2020	$ 1,420,840	871,035	811,683	153,027	1,588	17,066	517,317	3,792,556
Balance at January 1, 2019	$ 1,420,840	861,302	642,923	139,985	1,588	17,066	500,411	3,584,115
Additions	-	9,597	23,197	8,114	-	-	6,531	47,439
Disposals	-	-	(210)	-	-	-	(4,312)	(4,522)
Reclassification	-	(3,730)	82,289	3,100	-	-	1,035	82,694
Balance at December 31, 2019	$ 1,420,840	867,169	748,199	151,199	1,588	17,066	503,665	3,709,726
Depreciation and impairment loss:								
Balance at January1, 2020	$ -	123,376	537,384	124,401	1,132	14,884	248,762	1,049,939
Depreciation for the year	-	23,099	66,448	17,701	144	1,565	37,302	146,259
Disposals	-	-	(9,352)	(3,200)	-	-	(1,422)	(13,974)
Balance at December 31, 2020	$ -	146,475	594,480	138,902	1,276	16,449	284,642	1,182,224
Balance at January1, 2019	$ -	101,717	468,159	103,784	988	13,319	217,305	905,272
Depreciation for the year	-	21,969	69,435	20,617	144	1,565	35,769	149,499
Disposals	-	(621)	(210)	-	-	-	(4,312)	(5,143)
Reclassification	-	311	-	-	-	-	-	311
Balance at December 31,2019	$ -	123,376	537,384	124,401	1,132	14,884	248,762	1,049,939
Carrying amounts:								
Balance at December 31, 2020	$ 1,420,840	724,560	217,203	14,125	312	617	232,675	2,610,332
Balance at December 31, 2019	$ 1,420,840	743,793	210,815	26,798	456	2,182	254,903	2,659,787
Balance at January 1, 2019	$ 1,420,840	759,585	174,764	36,201	600	3,747	283,106	2,678,843

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(i) Disclosures on pledges

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

(ii) Property, plant and equipment under construction

For the years ended December 31, 2020 and 2019, capitalized borrowing costs related to the construction of the new plant amounted to $816 and $1,150, with a capitalization rate of 1.669% to 1.793% and 1.585% to 2.149%, respectively.

(i) Right-of-use assets

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

		Buildings	**Transportation Equipment**	**Machinery and equipment**	**Total**
Costs:					
Balance at January 1, 2020	$	2,934	207	1,048	4,189
Additions		53	268	-	321
Balance at December 31, 2020	**$**	**2,987**	**475**	**1,048**	**4,510**
Balance at January 1, 2019	$	-	207	-	207
Additions		2,934	-	1,048	3,982
Balance at December 31, 2019	**$**	**2,934**	**207**	**1,048**	**4,189**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	$	245	155	157	557
Depreciation for the year		985	141	209	1,335
Balance at December 31, 2020	**$**	**1,230**	**296**	**366**	**1,892**
Balance at January 1, 2019	$	-	-	-	-
Depreciation for the year		245	155	157	557
Balance at December 31, 2019	**$**	**245**	**155**	**157**	**557**
Carrying amount:					
Balance at December 31, 2020	**$**	**1,757**	**179**	**682**	**2,618**
Balance at December 31, 2019	**$**	**2,689**	**52**	**891**	**3,632**
Balance at January 1, 2019	**$**	**-**	**207**	**-**	**207**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(j) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Company for the years ended December 31, 2020 and 2019 were as follows:

	Computer software	Development cost	Total
Costs:			
Balance at January 1, 2020	$ 23,188	35,218	58,406
Additions	10,809	-	10,809
Acquisition internally developed	-	156,186	156,186
Reclassification	82	-	82
Disposal	(5,867)	-	(5,867)
Balance at December 31, 2020	$ 28,212	191,404	219,616
Balance at January 1, 2019	$ 31,503	-	31,503
Additions	14,359	-	14,359
Acquisition internally developed	-	35,218	35,218
Reclassification	1,191	-	1,191
Disposal	(23,865)	-	(23,865)
Balance at December 31, 2019	$ 23,188	35,218	58,406
Amortization and Impairment Loss:			
Balance at January 1, 2020	$ 9,133	-	9,133
Amortization for the year	10,781	-	10,781
Disposal	(5,867)	-	(5,867)
Balance at December 31, 2020	$ 14,047	-	14,047
Balance at January1, 2019	$ 23,280	-	23,280
Amortization for the year	9,718	-	9,718
Disposal	(23,865)	-	(23,865)
Balance at December 31, 2019	$ 9,133	-	9,133
Carrying amounts:			
Balance at December 31, 2020	$ 14,165	191,404	205,569
Balance at December 31, 2019	$ 14,055	35,218	49,273
Balance at January 1, 2019	$ 8,223	-	8,223

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

BIONIME CORPORATION

Notes to the Financial Statements

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Operating costs	$ 467	82
Operating expenses	$ 10,314	9,636

(ii) Disclosures on pledges

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

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

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

	December 31, 2020	December 31, 2019
Other financial assets:		
Other current financial assets	$ 200	-
Other Current assets:		
Overpaid sales tax	$ 5,407	5,188
Temporary payments	3,056	3,208
Others	799	753
	$ 9,262	9,149
Other non-current assets:		
Other non-current assets－other	$ 53,758	-

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

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

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

BIONIME CORPORATION

Notes to the Financial Statements

(l) Short-term notes and bills payable

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

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

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

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

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

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

(n) Other current liabilities

The details were as follows:

	December 31, 2020	December 31, 2019
Contract liability	$ 13,581	1,228
Temporary receipts	536	8,258
Others	39	-
	$ 14,156	9,486

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(o) Long-term borrowings

The details were as follows:

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

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

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

(p) Lease liabilities

The lease liabilities were as follows:

		December 31, 2020	December 31, 2019
Current	$	1,343	1,225
Non-current	$	1,280	2,413

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

The amounts recognized in profit or loss was as follows:

	For the year ended December 31,		
		2020	**2019**
Interest on lease liabilities	$	38	19
Expenses relating to short-term leases	$	6,093	6,296

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

	For the year ended December 31,		
		2020	**2019**
Total cash outflow for leases	$	7,455	6,866

BIONIME CORPORATION

Notes to the Financial Statements

(i) Real estate leases

As of December 31, 2020, the Company leases warehouses, machinery and vehicles. The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

The Company has some trivial leases with contract terms of one year. These leases are shortterm or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee Benefits

(i) Defined benefit plans

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

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

The Company's employee benefit liabilities were as follows:

		December 31, 2020	December 31, 2019
Short-term vacation liability	**$**	**7,848**	**9,371**

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

BIONIME CORPORATION

Notes to the Financial Statements

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

3) Movements of defined benefit plan assets

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

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

4) Expenses recognized in profit or loss

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

	2020	2019
Net interest of net liabilities for the defined benefit obligations	**$ (1)**	**-**
Administration expenses	**$ (1)**	**-**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

5) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.90%	1.10%
Future salary increase rate	3.00%	3.00%

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

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

6) Sensitivity analysis

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

	Influences of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2020		
Discount rate	$ (201)	214
Future salary increasing rate	909	(739)
	Influences of defined benefit obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2019		
Discount rate	$ (202)	214
Future salary increasing rate	915	(740)

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

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

(ii) Defined benefit plans

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

BIONIME CORPORATION

Notes to the Financial Statements

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

(r) Income Taxes

(i) Income Tax Expense

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

		2020	2019
Current income tax expense			
Current period	$	-	19,020
Adjustment for prior periods		(7,911)	3,450
5% surtax on un-distributed earnings		9	4
		(7,902)	22,474
Deferred tax expense (gain)			
Origination and reversal of temporary differences		(25,373)	1,207
Income tax expense	$	(33,275)	23,681

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

		2020	2019
Items that may be reclassified subsequently to profit or loss:			
Exchange differences translation	$	-	-

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

		2020	2019
Profit excluding income tax	$	29,159	129,939
Income tax using the Company's domestic tax rate	$	5,832	25,988
Adjustment in tax rate		-	-
Non-deductible expenses		26	7
Book-tax income differences of the revenue and expense		(31,543)	(53)
Tax-exempt income		-	(1,783)
Investment income recognized under equity method		(7,757)	(4,441)
Changes in unrecognized temporary differences		8,069	509
Prior years income tax adjustment		(7,911)	3,450
Surtax on undistributed earnings		9	4
	$	(33,275)	23,681

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	$ 12,114	4,045

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

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

2) Unrecognized deferred tax liabilities

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

3) Recognized deferred tax assets and liabilities

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

Deferred Tax Assets:

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

Deferred Tax Liabilities:

		Unrealized foreign exchange gain	Others	Total
Balance at January 1, 2020	$	-	96	96
Recognized in profit or loss		36	31	67
Balance at December 31, 2020	**$**	**36**	**127**	**163**
Balance at January 1, 2019	$	315	45	360
Recognized in profit or loss		(315)	51	(264)
Balance at December 31, 2019	**$**	**-**	**96**	**96**

(iii) Assessment of tax

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

(s) Capital and Other Equity

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

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

(in thousands of shares)

	Ordinary Shares	
	2020	**2019**
Balance on January1	59,670	59,447
Exercise of share options	2,086	223
Balance on December 31	**61,756**	**59,670**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(i) Ordinary shares

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

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

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

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

(ii) Capital surplus

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

(iii) Retained Earnings

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on March 13, 2020 and March 11, 2019. The relevant dividend distributions to shareholders were as follows:

	2019		**2018**	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	**$ 1.51**	**89,591**	**2.00**	**114,894**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

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

	2020		
	Amount per share		Total amount
Dividends distributed to ordinary shareholders			
Cash	$	0.83	51,578

(iv) Treasury shares

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

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

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(t) Share-Based Payment

(i) Employee stock options

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

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

1) Determining the fair value of equity instruments granted

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

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

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

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Company determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, which are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

	2020		2019	
(in dollars)	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at January 1	$ 55.45	4,880,000	50.90	3,267,000
Granted during the year (number)		-		2,930,000
Forfeited during the year (number)		(292,000)		(161,000)
Exercised during the year (number)		1,427,500		(1,089,000)
Expired during the year (number)		(500)		(67,000)
Outstanding at December 31	**56.87**	**3,160,000**	**55.45**	**4,880,000**
Exercisable at December 31		**3,160,000**		**4,880,000**

(ii) Employee recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2020 and 2019 were as follows:

	2020	2019
Expenses resulting from granted employee share options	**$ 15,535**	**13,697**

(u) Earnings per Share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31 2020 and 2019 were based on the profit attributable to ordinary shareholders of the Company amounting to $62,434 thousand and $106,258 thousand, respectively; and the weighted average number of ordinary shares outstanding of 59,176 thousand shares and 57,499 thousand shares, respectively, were calculated as follows:

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

1) Profit attributable to ordinary shareholders of the Company

		2020	2019
Profit attributable to ordinary shareholders of the Company	$	62,434	106,258

2) Weighted average number of ordinary shares

		2020	2019
Weighted-average number of ordinary shares at December 31	$	59,176	57,499

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 were based on profit attributable to ordinary shareholders of the Company amounting to $62,434 thousand and $106,258 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,376 thousand shares and 58,777 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2020	2019
Profit attributable to ordinary shareholders of the Company (diluted)	$	62,434	106,258

2) Weight-average number of ordinary shares (diluted)

	2020	2019
Weighted-average number of ordinary shares (basic)	59,176	57,499
Effect of dilutive potential ordinary shares		
Effect of issuance of employee share options	1,128	973
Effect of employee share bonus	72	305
Weighted-average number of ordinary shares (diluted) at December 31	60,376	58,777

(v) Revenue from contracts with customers

Disaggregation of revenue

		2020	2019
Primary geographical markets			
Algeria	$	251,468	428,536
Switzerland		235,501	287,012
China		158,956	334,627
United State		139,932	143,555
Egypt		96,809	77,203
Other		719,287	782,429
	$	1,601,953	2,053,362

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

		2020	2019
Major products			
Meter and Strips	$	1,601,953	2,053,362

The Company estimated its sales returned and sales discount and less from the sales revenue, according to the historical experience and other reasons.

(w) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $22,000 and $19,000 and directors and supervisors remuneration amounting to $500, and $4,000 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2020 and 2019.

(x) Non-operating Income and Expenses

(i) interest income

The details of interest income for the years 2020 and 2019 were as follows:

		2020	2019
Interest income from bank deposits	$	166	387

(ii) Other income

The details of other income for the years 2020 and 2019 were as follows:

		2020	2019
Rent income	$	548	-
Other income－others		17,809	12,823
	$	18,357	12,823

BIONIME CORPORATION

Notes to the Financial Statements

(iii) Other gains and losses

The details of other gains and losses for the years 2020 and 2019 were as follows:

		2020	2019
Foreign exchange gains (losses)	$	1,342	(553)
Gains on disposals of property, plant and equipment		169	179
Profit of lease modification		12	-
Gains on disposals of investments		-	8
	$	1,523	(366)

(iv) Finance costs

The details of financial costs for the years 2020 and 2019 were as follows:

		2020	2019
Interest expenses-bank loans	$	(21,125)	(30,799)
Interest of lease liabilities		(38)	(19)
	$	(21,163)	(30,818)

(y) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk mainly derived from the carrying amount of financial assets recognized in the balance sheet which were $740,565 and $1,004,977 respectively, as of December 31, 2020 and 2019.

2) Concentration of credit risk

The major clients of Company are concentrated in medical instruments market. To minimize credit risk, the Company periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the accounts receivable and recognizes an allowance for impairment. The impairment loss is within management’ s expectation. As of December 31, 2020 and 2019, 60% and 64%, respectively, of trade receivables were comprised of five customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6(d) and note 6 (k).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (f).

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 -2 years	2 -5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	$ 1,522,125	1,537,426	358,462	328,923	606,968	243,073
Unsecured bank loans	433,349	437,245	437,245	-	-	-
Short-term notes and bills payable	39,950	40,000	40,000	-	-	-
Notes and trade payables (including related parties)	145,257	145,257	145,257	-	-	-
Other payables (including related parties)	226,646	226,646	226,646	-	-	-
Payable on machinery and equipment	12,894	12,894	12,894	-	-	-
Lease liabilities (Current and Non-Current)	2,623	2,652	1,363	1,019	270	-
	$ 2,382,844	2,402,120	1,221,867	329,942	607,238	243,073
December 31, 2019						
Non-derivative financial liabilities						
	$					
Secured bank loans	$ 1,413,316	1,435,115	501,463	203,175	435,502	294,975
Unsecured bank loans	225,275	229,056	178,456	50,600	-	-
Short-term notes and bills payble	199,775	200,000	200,000	-	-	-
Notes and trade payables (including related parties)	147,993	147,993	147,993	-	-	-
Other payables (including related parties)	185,731	185,731	185,731	-	-	-
Payable on machinery and equipment	16,793	16,793	16,793	-	-	-
Lease liabilities (Current and Non-Current)	3,638	3,707	1,262	1,212	1,233	-
	$ 2,192,521	2,218,395	1,231,698	254,987	436,735	294,975

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

BIONIME CORPORATION

Notes to the Financial Statements

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rates	TWD	Foreign currency	Exchange rates	TWD
Financial assets						
Monetary items						
USD	USD 14,827	28.10	416,639	USD 22,642	30.00	679,260
EUR	EUR 3,161	34.53	109,149	EUR 2,885	33.61	96,965
Financial liabilities						
Monetary items						
USD	USD 11,725	28.10	329,473	USD 16,189	30.00	485,670
EUR	EUR 2,197	34.53	75,862	EUR 2,073	33.61	69,674

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the TWD against the USD and the EUR as of December 31, 2020 and 2019, would have (decreased) increased the net profit after tax by $482 and $883, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kind of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2020 and 2019, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $1,342 and $(553), respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

If the interest rate had increased / decreased by 0.5%, the Company's net income would have increased by $7,822 and $6,554 for the year ended December 31, 2020 and 2019, respectively with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks unlisted companies	$ 36,100	-	-	36,100	36,100
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 266,706	-	-	-	-
Notes and trade receivable (including related parties)	469,008	-	-	-	-
Other receivables (including related parties)	4,851	-	-	-	-
Other financial assets-current	200	-	-	-	-
	740,765	-	-	-	-
	$ 776,865	**-**	**-**	**36,100**	**36,100**
Financial liabilities at amortized cost					
Short-term borrowings	$ 483,349	-	-	-	-
Short-term notes and bills payable	39,950	-	-	-	-
Notes and trade payables, and other payables (including related parties)	371,903	-	-	-	-
Payable on machine and equipment	12,894	-	-	-	-
Lease liabilities (Current and Non-current)	2,623	-	-	-	-
Long-term borrowings, including current portion	1,472,125	-	-	-	-
	$ 2,382,844	**-**	**-**	**-**	**-**

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks unlisted companies	**$ 36,100**	-	-	36,100	36,100
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 263,052	-	-	-	-
Notes and trade receivables (including related parties)	737,036	-	-	-	-
Other receivables (including related parties)	4,889	-	-	-	-
	1,004,977	-	-	-	-
	$ 1,041,077	**-**	**-**	**36,100**	**36,100**
Financial liabilities at amortized					
Short-term borrowings	$ 465,799	-	-	-	-
Short-term notes and bills payable	199,775	-	-	-	-
Notes and trade payables, and other payables (including related parties)	333,724	-	-	-	-
Payable on machine and equipment	16,793	-	-	-	-
Lease liabilities (Current and Non-current)	3,638	-	-	-	-
Long-term borrowings, including current portion	1,172,792	-	-	-	-
	$ 2,192,521	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments not measured at fair value :

The Company’ s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities measured at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2020 and 2019.

BIONIME CORPORATION

Notes to the Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity instruments	
Opening balance, January 1, 2020(i.e. December 31, 2020)	$	36,100
Opening balance, January 1, 2019	$	30,100
Purchased		6,000
Ending balance, December 31, 2019	$	36,100

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value is "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — equity investments without an active market	Discounted Cash Flow Method	• Forecast annual revenue growth rate（December 1, 2020 ; 25%~100%） • Weight average capital cost（December 31, 2020 ; 9.50%）	• the annual revenue growth rate were higher, the fair value were higher • the weight average capital cost were higher, the fair value were lower

(z) Financial Risk Management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Structure of risk management

The Company’s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company’s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company’s policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company’s receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Company’s policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2020, no guarantees were outstanding (2019: none).

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company's unused credit lines were amounted to $1,057,151 thousand and $884,201 thousand, respectively.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affects the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the operating center.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company’s entities, primarily New Taiwan Dollars (TWD)、EUR and US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are NTD, EUR, US Dollars (USD), and CNY.

2) Interest rate risk

The Company by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 1:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, reprising dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are：

- The effect of the counterparty and the Company’s own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- Differences in reprising dates between the swaps and the borrowings.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

3) Other market price risk

The Company is not exposed to equity price risk from its investments in equity securities.

(aa) Capital Management

The Company' s objectives for managing capital to safeguard its capacity to continue to operate, and provide a return on shareholders, as well as to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2020, the Company' s capital management strategy is consistent with that of the prior year as of December 31, 2019, and the debt to equity ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Company' s debt to equity ratio at the end of the reporting period was as follows:

		December 31, 2020	**December 31, 2019**
Total liabilities	$	2,402,076	2,358,815
Less: cash and cash equivalents		266,706	263,052
Net debt	**$**	**2,135,370**	**2,095,763**
Total equity	**$**	**2,065,627**	**2,042,577**
Total capital	**$**	**4,200,997**	**4,138,340**
Debt-to-equity ratio at 31 December		**50.83%**	**50.64%**

(ab) Investing and financing activities not affecting current cash flow

The Company' s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) For right-of-assets under leases, please refer to note 6(p).

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2020	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement	Non-cash changes: Profit of lease modification	December 31,2020
Long-term borrowings	$ 1,172,792	299,333	-	-	-	1,472,125
Short-term borrowings	465,799	12,201	-	5,349	-	483,349
Lease liabilities (current and non-current)	3,638	(1,324)	321	-	(12)	2,623
Total liabilities from financing activities	$ 1,642,229	310,210	321	5,349	(12)	1,958,097

	January 1,2019	Cash flows	Non-cash changes: Foreign exchange movement	December 31,2019
Long-term borrowings	$ 1,199,556	(26,764)	-	1,172,792
Short-term borrowings	638,335	(165,999)	(6,537)	465,799
Lease liabilities (current and non-current)	207	3,431	-	3,638
Total liabilities from financing activities	$ 1,838,098	(189,332)	(6,537)	1,642,229

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the financial statements.

Name of related Party	Relationship with the Company
Bionime Incorporated (B. V. I)	Subsidiary of the Company
Bionime GmbH	Subsidiary of the Company
Bionime USA Corporation	Subsidiary of the Company
Bionime Australia Pty Limited	Subsidiary of the Company
Bionime (Malaysia) Sdn Bhd	Subsidiary of the Company
Bionime (Shenzhen) Limited Company (Bionime Shenzhen)	Subsidiary of the Company
Bionime (Pingtan) Limited Company (Bionime Pingtan)	Subsidiary of the Company
Tonghua Dongbao Pharmaceutical Co.,Ltd. (Tonghua Dongbao)	Key management personnel
Shanghai Juyi Network Technology Co., Ltd. (Juyi)	Entity which is joint controlled by key management personnel
HUANG, CHUN-MU	Key management personnel

BIONIME CORPORATION

Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to its related party were as follows:

		2020	2019
Subsidiary	$	185,776	155,035
Key management personnel of the Company -Tonghua Dongbao		56,915	236,012
	$	242,691	391,047

The price given to the related-party is not comparable to other non-related products due to product characteristics. The general customer's collection term is about 45 to 120 days, or advance sales receipts, Bionime Incorporated (B. V. I), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn Bhd and Huaguang Biological Technology (Pingtan) Limited Company were approximately 90 days, 60 days, 120 days, 120 days, 90 days and 90 days, respectively, the key management personnel of the Company of the collection conditions is advance sales receipts or 180 days from the end of the month of when the invoice is issued.

(ii) Purchases

The amounts of purchases by the Company from related parties were as follows:

		2020	2019
Subsidiary	$	2,878	3,443

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 90 days.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship		December 31, 2020	December 31, 2019
Trade receivables	Subsidiary	$	82,518	41,032
Trade receivables	Key management personnel of the Company-Tonghua Dongbao			69,039
Other receivables	Subsidiary:			
	Bionime Shenzhen		79	378
	Others		3	3
		$	82,600	110,452

As of December 31, 2020 and December 31, 2019, the expenses of the Company for the subsidiaries were $82 thousand and $381 thousand (account for other receivables - related party).

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Trade payables	Subsidiary	$ 375	1,575
Other payables	Subsidiary:		
	Bionime GmbH	20,512	19,240
	Bionime Pingtan	343	249
Other payables	Key management personnel of the company－Tonghua Dongbao	10,458	24,012
	Other related parites－Juyi	-	2,187
		$ 31,688	**47,263**

(v) Others (account for other current liabilities)

The others to related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Temporary receipts	Subsidiary	$ 227	227
Advance sales receipts	Key management personnel of the Company	8,633	4
		$ 8,860	**231**

(vi) Other Related Parties

1) The service fees paid by the Company were as follows

	2020	2019
Bionime GmbH	$ 26,262	29,027
Bionime Pingtan	-	24,456
Other related parites－Juyi	21,842	23,235
	$ 48,104	**76,718**

BIONIME CORPORATION

Notes to the Financial Statements

2) The company sold equipment to subsidiaries in 2015, and disposed of the price and disposal benefits were $2,078 and $1,455 respectively, and deferred recognition of unrealized disposal benefits were $1,455. In 2020 and 2019, the amortization of assets based on the useful life of the assets was recognized as the realized gain of assets for sale was $179. For more details information on Property, plant and equipment, please refer to Note 6(h).

3) The sales expense were $0 and $3,960 in 2020 and 2019, respectively, which caused by signing contract with key management personnel of the Company-Tonghua Dongbao was under selling expenses.

4) The company entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

(d) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	6,955	15,790
Post-employment benefits		-	-
Termination benefits		-	-
Other long-term employee benefits		-	-
Share-based payments		-	-
	$	**6,955**	**15,790**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2020	December 31, 2019
Property, plant and equipment	Guarantee for bank loans	$	2,145,399	2,164,632
Other financial assets-current	Purchase deposit		200	-
		$	**2,145,599**	**2,164,632**

(9) Significant commitments and contingencies

(a) Unrecognized contractual commitments are as follows:

		December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	**$**	**20,184**	**18,456**

BIONIME CORPORATION

Notes to the Financial Statements

(b) Contingencies

(i) The Company had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non current assets.

(ii) The Company signed a long term sales contract with Tonghua Dongbao Pharmaceutical Co., Ltd. (Tonghua Dongbao) in August 2015, and designated Tonghua Dongbao as the exclusive distributor across Mainland China, with the Company’ s authorization. The contract specifies the minimum amount Tonghua Dongbao is required to purchase annually from the Company from 2016 to 2020, and the amount Tonghua Dongbao will have to compensate the Company for any loss due to the insufficient purchase amount.

Due to the impact of COVID 19 pandemic in 2020, the sales in Mainland China had slowed down. Therefore, the Company negotiated to revise the contract with terms of reducing the minimum purchase quantity with Tonghua Dongbao, and withdrew the exclusive sales right of some models of Tonghua Dongbao starting from July 1, 2020. In addition, the subsidiary, Huaguang Biological Technology (Pingtan) Limited Company, has been delegated to buy back the remaining unsold exclusive models, and sell them to customers in China.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:None.

BIONIME CORPORATION

Notes to the Financial Statements

(12) Other

A summary of current-period employee benefits, depreciation, depletion, and amortization, by function, is as follows:

By function / By item	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	306,949	188,840	495,789	287,809	209,435	497,244
Labor and health insurance	30,001	17,207	47,208	25,586	16,932	42,518
Pension	12,620	8,415	21,035	10,642	8,249	18,891
Remuneration of directors	-	1,333	1,333	-	3,010	3,010
Others	18,704	12,525	31,229	16,446	13,979	30,425
Depreciation	115,787	31,807	147,594	111,686	38,370	150,056
Amortization	467	10,314	10,781	82	9,636	9,718

The additional information of the numbers of employee and employee benefits in 2020 and 2019 were as follows :

	December 31, 2020	December 31, 2019
The number of employees	987	897
Directors were not serving as employees	6	5
Average of employee benefits	$ 607	660
Average of employee salary expenses	$ 505	557
Adjustment of the average of employee salary expenses	(9.34)%	
Remuneration of supervisors	573	1,293

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

(a) Ensure that the Company's salary and remuneration arrangements comply with the relevant laws and regulations and are sufficient to attract the best talent.

(b) The performance evaluation and salary of directors, supervisors and managers shall be based on the competitors of the same industry standard, taking into account the results of the individual's performance evaluation, the time dedicated to the Company, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, the salary and remuneration of the same peer salary level in recent year, the reasonableness of the connection between individual performance and the Company's operating performance and future risks as assessed by the achievement of the Company's short term and long term business objectives and the Company's financial position.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(c) Directors and managers should not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of the salary and remuneration.

(d) The percentage of remuneration for short term performance of directors and senior managers, and the timing of payment of some variable salary and remuneration, shall be determined by considering the characteristics of the industry and the nature of the Company's business.

(e) The content and amount of remuneration to directors, supervisors and managers should be reasonable, and the determination of remuneration to directors, supervisors and managers should not be materially different from that of the financial performance.

If there is a significant decline in profits or a long term loss, the salary should not be higher than the previous year. Otherwise, an explanation of reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.

(f) The remuneration to employees is based on their academic qualifications and duties in accordance with the standards of the Company's employee salary grade and additional pay statement of the job title.

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The company	Ordinary-Bonraybio Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	960	36,100	7.51%	30,100	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Bionime (Pingtan) Limited Company	Subsidiary	Sale	102,041	6.37%	net 90 days from the end of the month of when the invoice issued	No comparison	net 90 days from the end of the month of when the invoice issued	69,444	14.81%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Bionime GmbH	Switzerland	Merchandise trading	CHF300	CHF300	Note1	100%	21,243	1,159	1,159	Note4
The company	Bionime Incorporated (B.V.I)	British Virgin Islands	Investing and holding	USD3,090	USD3,090	3.09	100%	88,341	19,188	19,188	Note4
The company	Bionime USA Corporation	America	Merchandise trading	USD11,150	USD11,150	1,115	100%	67,901	16,227	16,227	Note4
The company	Bionime Australia Pty Limited	Australia	Merchandise trading	AUD350	AUD350	Note2	100%	(22)	99	99	Note4
The company	Bionime (Malaysia) Sdn.Bhd	Malaysia	Merchandise trading	MYR1,046	MYR1,046	Note3	66.06%	9,220	3,199	2,113	Note4

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

The transactions mentioned above have been eliminated upon consolidation.

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow				Highest Percentage of ownership			
Bionime (Shenzhen) Limited Company	Merchandise trading	US$2,300	Note1	US$850	-	-	US$850	20,123 (Note3)	100%	100%	20,123	92,274	US$2,087 (NT$63,084)
Bionime (Pingtan) Limited Company	Merchandise trading and manufacturing	RMB$20,000	Note2	-	-	-	-	28,437 (Note3)	100%	100%	28,437	80,506	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US$850 (NT$ 27,520)	US$ 2,300 (NT$ 70,863)	NT$1,239,376

Note 1: The investment method is to establish a company to invest in mainland companies through investment in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized base on the audited financial statement.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidation financial statements. Please refer to "Information on significant transactions" of consolidation financial statements.

(d) Major shareholders

Shareholding **Shareholder's Name**	**Shares**	**Percentage**
Tonghua Dongbao Pharmaceutical Co., Ltd.	12,000,000	19.36%
Hua Eng Wire And Cable Co., Ltd.	7,807,900	12.60%
Ypsomed Holding AG	3,190,250	5.14%

(Continued)

BIONIME CORPORATION

Notes to the Financial Statements

(14) Disclosures required for securities firm investing in countries or regions without securities authority:

Please refer to 2020 consolidated financial report.

BIONIME CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Foreign currency	Exchange rate	Amount
Cash	Petty cash and cash on hand			$ 1,399
Cash in bank	Demand deposit			207,253
	Foreign currencies－USD	1,064,825.85	28.10	
	Foreign currencies－EUR	678,584.9	34.53	
	Foreign currencies－CHF	3,194.75	31.86	
	Foreign currencies－AUD	184,276.87	21.64	
	Foreign currencies－JPY	145	0.27	
	Foreign currencies－CNY	108,264.62	4.32	
	Foreign currencies－SGD	6,753.74	21.25	58,054
				$ 266,706

BIONIME CORPORATION

Statement of Notes and Trade Receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Notes receivable－Non-Related Parties		
TWGT54	Operating	$ 3,300
TWGT58	Operating	2,925
TWGK11	Operating	1,492
Others (Note2)	Operating	3,837
		11,554
Trade receivable－Related Parties		
Bionime (Pingtan) Limited Company	Operating	69,444
Bionime (MALAYSIA) Sdn Bhd.	Operating	7,972
Bionime USA Corporation	Operating	5,102
		82,518
Trade receivable－Non-Related Parties		
AFDZ01	Operating	107,406
AFEG01	Operating	55,213
WECH03	Operating	38,302
MEAE04	Operating	31,541
AFMA01	Operating	28,509
EEHR01	Operating	21,928
EEBY01	Operating	19,242
Others (Note2)	Operating	108,850
		410,991
Less：Loss allowance		(36,055)
		374,936
		$ 469,008

Note1：Due to contract agreement, revealed by code.

Note2：If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION

Statement of Other Receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other Receivables	Other Receivables	$ 1,629
	Tax Refund Receivables	3,140
		$ 4,769

Statement of Inventories

	Amount		
Item	**Cost**	**Net realizable value**	**Note**
Finished goods	$ 61,843	122,796	Price by realizable value
Work in process	319,832	542,313	Price by realizable value
Materials	115,258	113,926	Price by realizable value
	496,933	**779,035**	
Less：Loss allowance	(38,913)		
	$ 458,020		

BIONIME CORPORATION

Statement of Prepayments and other current assets

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments to purchases	Prepayments to Suppliers	$ 38,569
Other prepaid expenses	Prepaid issurance	3,877
Other prepayments－current	Prepaid royalty	7,550
	Others	1,938
		51,934
Other current assets	Overpaid sales tax	5,407
	Temporary payments	3,056
	Others (Note)	799
		9,262
		$ 61,196

Note：If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Inventment gains and losses			Ending Balance (with foreign currency translation adjustment)			
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	recognized by the equity method	Translation adjustment	Others (Note)	Shares	Percentage of ownership	Amount	Collateral
Bionime GmbH	-	$ 19,525	-	-	-	-	1,159	559	-	-	100	21,243	None
Bionime Incorporated(B.V.I)	3.09	85,607	-	-	-	-	19,188	(445)	(16,009)	3.09	100	88,341	"
Bionime USA Corporation	1,115	55,432	-	-	-	-	16,227	(4,274)	516	1,115	100	67,901	"
Bionime Australia Pty Limited	-	(124)	-	-	-	-	99	3	-	-	100	(22)	"
Bionime (Malaysia) Sdn Bhd	-	8,318	-	-	-	-	2,113	(386)	(825)	-	66.06	9,220	"
		$ 168,758		**-**		**-**	**38,786**	**(4,543)**	**(16,318)**			**186,683**	

Note：Unrealized Sales income changes.

BIONIME CORPORATION

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Decrease	Reclassification (Note)	Ending Balance	Collateral
Cost：						
Land	$ 1,420,840	-	-	-	1,420,840	Please refer to Note 8
Building and structures	867,169	3,866	-	-	871,035	"
Machinery equipment	748,199	50,161	9,352	22,675	811,683	-
Molding equipment	151,199	3,334	3,200	1,694	153,027	-
Transportation equipment	1,588	-	-	-	1,588	-
Leasehold Improvements	17,066	-	-	-	17,066	-
Office and other equipment	503,665	14,541	1,432	543	517,317	-
	3,709,726	71,902	13,984	24,912	3,792,556	
Accumulated Depreciation：						
Building and structures	123,376	23,099	-	-	146,475	
Machinery equipment	537,384	66,448	9,352	-	594,480	
Molding equipment	124,401	17,701	3,200	-	138,902	
Transportation equipment	1,132	144	-	-	1,276	
Leasehold Improvements	14,884	1,565	-	-	16,449	
Office and other equipment	248,762	37,302	1,422	-	284,642	
	1,049,939	146,259	13,974	-	1,182,224	
	$ 2,659,787	**(74,357)**	**10**	**24,912**	**2,610,332**	

Note：Prepayment for equipment and Inventory reclassification for 24,369 thousand and 543 thousand, resepectively.

BIONIME CORPORATION

Statement of Refundable Deposit

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable Deposit	Rental deposit	$ 2,150

BIONIME CORPORATION

Statement of changes in Intangibles Assets

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Internal Development	Amortization	Reclassification	Ending Balance
Computer software	$ 14,055		-			
Developmnet cost	352,118			-	-	
	$ 366,173					

Statement of short-term borrowings

December 31, 2020

Creditors	Description	Ending Balance	Contract Period	Range of interest rate	Bank of Credit Line	Collateral
Bank A	Pledge loan	$ 100,000	Less one year	1.07989%	300,000	Land, Building and Structures
Bank A	Unsecured loan	144,594	"	0.7871%~2.7744%	300,000	None
Bank B	"	136,515	"	0.8%~2.6441%	250,000	"
Bank C	"	21,265	"	0.6086%~0.9%	84,300	"
Bank D	"	26,221	"	0.9749%~2.8938%	200,000	"
Bank E	"	4,754	"	1.0539%~2.7939%	56,200	"
Bank F	"	50,000	"	1.1500%	100,000	"
		$ 483,349				

BIONIME CORPORATION

Statement of Notes and Trade Payables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description		Amount
Notes Payable -Non-Related Parties：			
A Company	Operating	$	799
Others (Note)	〃		50
			849
Account Payable-Non-Related Parties：			
B Company	Operating	$	15,183
C Company	〃		12,580
D Company	〃		11,721
E Company	〃		9,012
Others (Note)	〃		95,537
			144,033
Account Payable-Related Parties：			
Bionime (Pingtan) Limited Company	Operating		375
		$	**145,257**

Note：If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

Statement of Short-term Notes and Bills Payable

Item	Contract period	Range of interest rate	Amount: Total amount	Amount: Unamortized Disscount	Amount: Book Value	Collateral
Unsecured commercial paper	2020.12.3~2021.3.3	1.13%	**$ 40,000**	**50**	**39,950**	None

BIONIME CORPORATION

Statement of Other Payables and Other Current Liabilities

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Salary and Wages Payable	$ 64,574
	Payback fee	66,394
	Others (Note)	64,365
		195,333
Other current liabilities	Temporary receipts	536
	Advance Sales Receipts	13,581
	Others (Note)	39
		14,156
		$ 209,489

Note：If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

BIONIME CORPORATION

Statement of Long-term Borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

		Loan amount				
Creditors	**Description**	**Expired within one year**	**More than one year due**	**Contract Period**	**Range of interest rate**	**Collateral**
Bank A	Mortgage loan	$ 50,667	443,333	104.09.30~119.09.30	1%	Land, Buildings and Structures
Bank A	Mortgage loan	62,500	125,000	107.12.12~112.12.12	1%	"
Bank A	Mortgage loan	87,500	153,125	107.09.04~112.09.03	1%	"
Bank A	Mortgage loan	12,500	87,500	109.06.24~114.06.24	1%	"
Bank A	Mortgage loan	12,500	87,500	109.06.16~114.06.16	1%	"
Bank A	Mortgage loan	10,416	89,584	109.07.01~114.07.01	1%	"
Bank A	Mortgage loan	10,417	89,583	109.07.06~114.07.06	1%	"
Bank A	Mortgage loan	8,333	91,667	109.08.17~114.08.17	1%	"
Bank G	Credit loan	50,000	-	109.11.20~110.02.20	1.20%	None
		$ 304,833	1,167,292			

Statement of Operating Revenue

For the year ended December 31, 2020

Item	Quantity	Unit	Amount
Meter	869	thousands tables	$ 190,905
Strips	445,849	thousands pieces	1,320,828
Others			97,806
			1,609,539
Sales Returns			(1,829)
Sale Discounts and Allowances			(5,757)
Net Operating Revenues			$ 1,601,953

BIONIME CORPORATION

Statement of Operting Costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials beginning of year	$ 106,586
Add：Raw materials purchased	579,538
Gain on physical inventory	284
Less：Raw materials end of year	115,258
Raw materials sold and scrapped	13,988
Other	8,213
Raw materials used	548,949
Direct labor	263,496
Manufacturing overhead	328,137
Manufacturing costs	1,140,582
Add：work in process beginning of year	261,811
work in process purchased	1,343
Less：work in process end of year	319,832
work in process sold and scrapped	46,048
Transfer expense and other	127,089
Loss on physical inventory	2
Cost of finished goods	910,765
Add：Finished goods beginning of year	27,066
Less：Finished goods end of year	61,843
Finished goods scrapped	1,843
Loss on physical inventory	1
Other	1,589
Cost of manufacturing goods sold	872,555
Add：Sold raw materials and work in process cost	54,920
Inventory scrapped	6,959
Inventory valuation losses	18,679
Less：Gain on disposal of left over bits and pieces	3,688
Gain on physical inventory	281
Other	11,737
Operating cost	**$ 937,407**

BIONIME CORPORATION

Statement of Operating Expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expense	Administration Expense	Research and Developed Expense
Salary	$ 42,841	75,738	70,261
Professional service fees	47,355	5,036	75,822
Advertisement	57,791	77	7
Depreciation	1,712	22,071	8,024
Research Materials	-	-	33,238
Laboratory fees	-	5,330	21,871
Insurance fees	6,611	11,739	5,541
Others (Note)	45,934	64,739	31,596
	$ 202,244	**184,730**	**246,360**

Note：If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately

BIONIME CORPORATION

Statement of Non-Operting income and expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Non-Operating Income		
Interest income	Interest income of bank deposits	$ 166
Gains on disposal and scrapped of fixed assets	Gains on disposal and scrapped of fixed assets	169
Net of gains on exchange	Net of foreign currency gains on exchange	17,809
profit of lease modification	Gains (losses) of lease modification	12
Rent income	Rent revenue	548
Net of foreign exchange gains	Net of foreign exchange gains	1,342
Investment income	Investment gains recognized by the equity method	38,786
		$ 58,832
Non-Operating Expenses		
Interest expenses	Interest expenses of loan	**$ 21,163**

(Continued)