Stock Code：4737

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

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

BIONIME

Bionime Corporation

2021 Annual Report

Published on 13 May, 2022

1. Company Spokesman:

Spokeman

Name: Huang Chu-Mu

Title: Chairman

Tel: (04) 2369-2388

Email: investor@bionime.com

Acting spokeman

Name: Chen Hui-Zhen

Title: Chief Financial Officer

Tel: (04) 2369-2388

Email: investor@bionime.com

2. Address and telephone number of the Company:

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

Tel: (04)2369-2388

Fax: (04)2261-7586

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

Name: Stock Agency Department, China Trust Commercial Bank

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

Website: www.chinatrust.com.tw

Tel: (02) 6636-5566

4. CPAs certifying the latest financial statements

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

Name of CPA firm: KPMG Taiwan

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

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

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

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

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I. Letter to Shareholders

1. Business Report

(1) 2021 Annual operating report

2021 Business result: （Unit: NT$ thousand）

Annual	2021	2020	Increase/Decrease	Percentage
Net Operating Revenue	1,849,924	1,668,586	181,338	10.87%
Gross Profit	783,131	749,125	34,006	4.54%
Operating Expenses	707,837	728,004	(20,167)	-2.77%
Operating Income	75,294	21,121	54,173	256.49%
Income after Tax	89,325	63,520	25,805	40.63%

Note: Operating income in 2021 increased by 10.87% compared to 2020; operating expenses decreased by 2.77% compared to 2020; overall, income after tax increased by 40.63% compared to 2020.

(2) The analysis of 2021 and 2020 financial structure and profitability:

Items \ Annual		2021	2020
Financial Structure	Debts ratio(%)	54.51	53.82
	Long Term Funds to Fixed Assets(%)	127.41	123.58
Profitability	Return on Assets(%)	2.31	1.81
	Return On Equity(%)	4.30	3.08
	Profit Margin(%)	4.82	3.80
	Earnings Per Share	1.45	1.06

Note: Earnings per share increased from 1.06 NTD in 2020 to 1.45 NTD in 2021, and profitability in 2021 was improved compared to 2020.

(3) Budget implementation: The execution of budget is not disclosed, as the 2021 financial forecast was not publicly released.

(4) Status of research and development:

i. The ratio of research and development fee in net amount of revenue and the result of research and development in last 3 years

Annual / Items	2021	2020	2019
R&D Expenses	187,860	247,875	255,121
R&D Expenses to Net	10.16%	14.86%	11.74%

Operating Revenue ratio			

ii. Machine types expected be developed in 2021:

A. POCT 2, a dedicated point-of-care blood glucose monitor for second-generation medical institutions, has passed the US clinical trial and applied for the US FDA POC permit.

B. Integrate uric acid test strips and cholesterol test strips with POCT 2.

C. The company's new product, the continuous blood glucose monitoring(CGM), will undergo clinical tests in 7 major teaching hospitals in Taiwan at the end of 2021. We expect to complete the clinical tests in Taiwan hospitals and apply to Taiwan TFDA for a CGM permit in 2022.

D. Our team's self-designed CGM automated production equipment has completed the second stage of machine construction and trial production, and the trial products are provided for clinical use in hospitals in Taiwan.

E. Self-developed IOS version of the CGM mobile app and cloud management platform has gone into testing stage. In addition, the Android version of the CGM App is simultaneously in development.

F. Continue to develop our own CGM technology. By the end of 2021, a total of 323 Taiwan and international patents has been applied.

iii. Product technology development in 2022

A. In response to telemedicine, one of the international medical development trends, the company has produced (ODM) a wireless network-connected blood glucose meter for telemedicine of an American company for 5 years. and has received several similar business inquiries recently. Bionime has developed a more innovative wireless network-connected touchscreen-type BGM, with the company's IoT cloud system platform that has been built for many years. The company expects to use the new product to win more business cooperation opportunities for third-party manufacturers of remote medical platforms.

B. In response to the international CGM industry trend of miniaturized and easy-to-wear CGMs, the company has started the mechanical and electrical integration design of the third generation CGMs. Bionime's third-generation CGM prototype downsized the volume by 50%, and it is expected to be completed in 2022, The 3rd generation CGM prototype is smaller than the products from most of other international CGM brands. It can utilize most of the production equipment from the second-generation CGM products, and is expected to greatly enhance the product performance and business competitiveness of Bionime's CGM products.

C. Develop a simplified version of the CGM receiver to replace the first-generation CGM receiver that shares the POCT 2 hardware IC platform, which can greatly reduce the production cost of CGM receivers by 70% and enhance product competitiveness and company profitability.

D. Build the Android version of the CGM App and ensure that the App can adapt to more than 30 different models of Android phones from major brands around the world.

E. Continue to build the CGM automated production equipment on our own to complete the machinery and equipment's third phase of construction before the end of 2022. This production machinery and equipment is necessary for the company's CGM products to be launched, including:

- Self-designed and manufactured automated production machines with 139 different functions, including the 82-channel chemical tank water line process and biochemical parameter verification machine for the CGM core component "sensor needle", and the automated assembly machine for the mechanical components of the CGM inserters.
- Self-built 124 AOI (Optical Microphotography & AI Automatic Discrimination Inspector) machines with different functions, set up on the automated production machines, and perform the On Line automatic quality inspection on the production line throughout the entire process.
- Build CIM (Computer-Integrated Manufacturing) and MES (Manufacturing Execution Systems) software systems to connect and integrate online product testing data from 139 automated machines and 124 AOIs. In addition to verifying, marking, and eliminating defective products, it is also a real-time response mechanism for real-time monitoring and adjustment of automated machines on the production line, thus achieving an excellent production system of Industry 4.0.

2. 2021 Business Plan

(1) Operating Strategies

In 2021, the COVID-19 pandemic continues to spread. Under the implementation of different levels of disease prevention measures in various countries, it will continue to impact the global supply chain and cause fluctuations in the currency market. However, with the continuous efforts of Bionime teams around the world, through the extension of market demand from existing customers and the revenue contribution of new customers, the performance has gradually recovered its growth momentum. It is estimated that in 2022, the business revenue of traditional blood glucose monitoring (BGM) will reach a new high.

Looking forward to 2022, it is expected that the demand for continuous blood glucose monitoring (CGM), a popular star product in the global diabetes care industry, will continue to grow rapidly. As the fastest-growing manufacturer in the CGM market in Taiwan, Bionime has gradually completed product development and clinical preparations. Simultaneously, Bionime is also striving to build the third phase of automated and intelligent manufacturing equipment required to complete the mass production to launch CGM products by the end of 2022 and induce full production capacity in CGM for Bionime. We are looking forward to having the opportunity to gain a place in this large international market in the next few years, so as to greatly increase the company's revenue and profit.

For the annual output value of CGM's global factories, it has reached 5.7 billion US dollars in 2020, 6.9 billion US dollars in 2021, and nearly 9 billion US dollars in 2022. It is estimated that the global annual output value of CGM will surpass that of BGM before 2024, forming a Paradigm Shift in the blood glucose monitoring industry. Also, it is estimated that CGM will increase by over 20 billion US dollars by 2030, which is more than twice the global annual output value of BGM. However, CGM is a product that has been on the market for more than 20 years (Medtronic in the United States had obtained a CGM product license from the U.S. FDA in 2005), but as of 2021, the 3 major CGM manufacturers have accounted for over 99% of the global CGM revenue, which shows that CGM is an industry with a specifically high entry barrier. In particular, the 3 major international manufacturers have over 5,000 CGM patents, creating obstacles in product development for other manufacturers who want to enter the market.

The Bionime team has created the whole process technology of CGM product development and automated production. We have applied for more than 300 CGM international patents and appointed 8 well-known patent firms from around the world (4 in the United States, 3 in Europe, and 1 in Taiwan) for patenting infringement analysis. After 2 years of comparative analysis of the major international manufacturers' patents,we have obtained the FTO (Freedom To Operate) analysis reports showing no patent infringement, which is the entrance ticket for Bionime's CGM to the international market.

(2) **Sales volume and estimations**

The Company's sales volume is estimated according to conditions as follows: sales results of 2021, references to the industrial environment, market demands, and considerations of the Company's production capacity and future requirements of customers. Thus, the Company estimates the output of its blood glucose test strips to stand at about 569 million units in 2022, and 1.23 million units for its blood glucose meters. As for CGM, we must wait for the product to be launched before it can contribute to the revenue.

(3) Production and sales policy

I. Through the improvement of the intelligent manufacturing system, the connection of information is strengthened, and the non-value-added activity is reduced.
II. To continue production equipment upgrades, reducing cost of production, and improvements of both production efficiency and product quality.
III. To strengthen online dealer training, improve digital marketing, and launch global brand marketing activities.

(4) The Expected Development Strategy

(1) To carry on the development of “continuous blood glucose monitors”.
(2) To invest in both hardware and software equipment of intelligent manufacturing in order to improve the Company's production and management efficiencies.
(3) To develop care blood glucose meters without regional restrictions
(4) To further expand business and cooperation ties with potential international customers.

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

(1) External competition environment

Blood glucose monitoring (BGM) products not only face strong competition from manufacturers in Europe, America, Korea, and mainland China but also face the rapid development and popularization of CGM products, causing customers to gradually shift their demand for BGM products. On the other hand, affected by the COVID-19 epidemic, patients' demand for telemedicine has also increased. In response to users' expectations for blood glucose monitoring products, various manufacturers have launched products that combine small size, low cost, and wireless technology, in order to provide users with more secure, friendly, and accurate functions.

(2) Legislation

With the introduction of MDR and IVDR, non-EU countries such as Switzerland and the United Kingdom, have not reached a bilateral agreement, so these 2 countries cannot apply for CE certificates. They must independently set up local representatives, apply for permits, and increase the corresponding documents and fees. Hiring a professional agency to implement it can improve the effectiveness of communication.

Taiwan announced a new version of the cybersecurity guidelines for medical devices applicable to manufacturers, and the US FDA will also announce a new version of the cybersecurity guidelines for medical devices in 2022, Cybersecurity in Medical Devices: Quality System Considerations and Content of Premarket Submissions Draft Guidance for Industry and Food and Drug Administration Staff, showing that medical equipment is developing towards the Internet application, and also raises the awareness for countries to the issue of Cybersecurity in medical equipments in many countries

(3) The influence of Overall Management

Affected by the Russian-Ukrainian war and China's zero-COVID strategy, the global supply chain is full of uncertainties. As inflationary pressures increase and the central bank’s monetary policy tightens, global growth is expected to face a downturn. However, the latest Diabetes Atlas published by the International Diabetes Federation (IDF) shows that from 2021 to 2045, the global population growth rate of 20-79 years old with diabetes is expected to be 46%, which is 20% higher than the global population growth rate in the same age range. It is foreseeable that the proportion of the population with diabetes will continue to increase, and the corresponding demand for global medical care will continue to rise.

Facing the opportunities and threats of the environment, Bionime will use the technical advantages of our own products to create highly cost-effective products. Through integrated marketing methods, we will work with partners to seize every emerging business opportunity and develop potential markets.

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

Best Regards.

Chairman and General Manager: Huang, Chun-Mu

Accounting Supervisor: Chen, Ya-Wen

II. Company Profile

1.Company Profile

(1) Date of Establishment: April 14, 2003

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

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

Head office telephone number: (04)2369-2388

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

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

(3) Company History

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

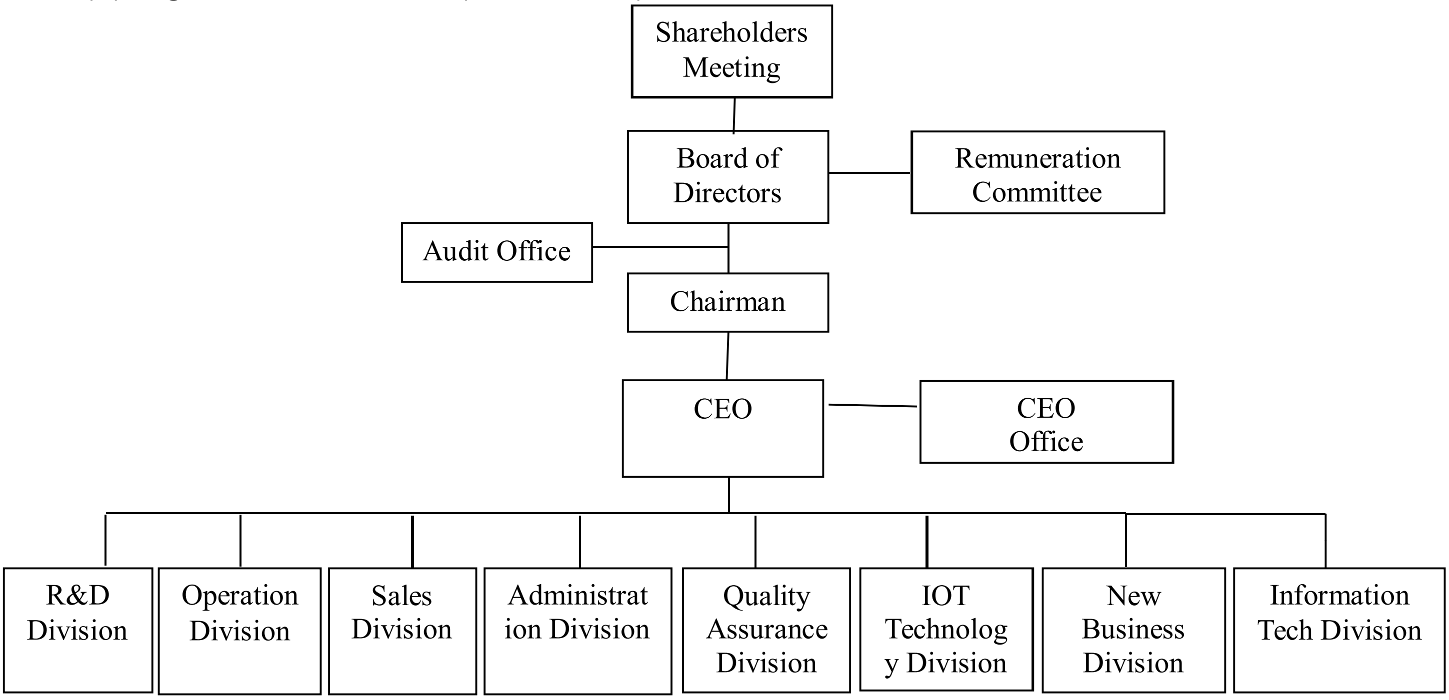
2010	February	Employee stock option certificates converted to common stock of NT$10,000 thousand, paid-in capital increased to NT$362,356 thousand.
2010	February	Australian subsidiary - Bionime Australia Pty Ltd. was set up
	August	Approved to apply a high-tech list company by Industrial Development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

	March	Mylife Unio won Reddot Design Award
	September	The new plant Daqing factory passed Taiwan GMP certification
	September	The blood collection pen GD500 won the Silver Award of National Invention Award
	October	The new blood glucose meter GM720 won the praise of the Ministry of Economics for industrial innovation achievements
2014	January	GM720 won the Taiwan Excellence Award
	June	Members of the Diplomatic and Economic Representatives based in Taiwan visited Bionime for exchange of international business.
	November	Won the silver medal of 2014 Invention Creation Award
2015	December	Private placement of securities of NT$1.14billion
2016	August	Certified by Brazil's National Health Surveillance Agency and received ANVISA Certificate
2017	February	GM700 Pro GM700 won the Taiwan Excellence Award
2018	March	Established Malaysian subsidiary – Bionime (Malaysia) SDN BHD
	November	Rightest smart blood glucose management won the 27th Taiwan Excellence Award in 2019
2019	November	"Rightest Precison Healthcare Ecosystem" won the 28th Taiwan Excellence Award in 2020
2020	January	Obtained the Medical Device Single Audit Program(MDSAP)
	March	Rightest CARE App passed CE certification
2021	May	Launched GM700 Pro 2
	July	Launched the Rightest CARE Partner App

III. Corporate Governance Report

1. Organization System

(1) Organization Structure (01/01/2022)



(2) Division Functions

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

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

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

(1) Information of Directors and Supervisors

April 24, 2022; Unit: share

Title (Note 1)	Nationality or Place of Registration	Name	Gender Age	Elected Date	Term	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Current Shareholding		Current Shareholding in the name of others		Experience (Education) (Note3)	Current Positions at the Company and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note4)
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relations	
Chairman	Taiwan	Huang,Chun-Mu	Male 61~70	6/20/2019	3	4/14/2003	2,405,492	4.04%	2,474,992	4.08%	1,120,380	1.85%	0	0	National Taipei University of Technology MS Tech General Manager	Chairman and General Manager of Bionime Corporation Corporate chairman of Bionime Inc Corporate chairman of Bionime (Shenzhen) Corporate chairman of Bionime (Pingtan) Corporate chairman of Bionime GmbH Corporate chairman of Bionime USA Corp. Director at Bionime(Malaysia) SDN BHD Director at Bionime Australia Pty Ltd Corporate director representative at Bonraybio Co., Ltd.	-	-	-	Note 4
Director	Taiwan	Hua Eng wire&cable co.,ltd.	-	6/20/2019	3	3/25/2010	7,807,900	13.12%	7,807,900	12.88%	0	0.00%	0	0			-	-	-	-

		Representative：Liou,Xiu-Mei	Female 51~60	2/1/2022	3	2/1/2022	0	0.00%	0	0.00%	0	0.00%	0	0	Master of Accounting, Long Island University, New York, USA Accounting Manager at Hua Eng Wire & Cable Co., Ltd	Director at Bionime Corporation Director at China Ecotek Corporation Director at Wafer Works Corp. Managing Supervisor at Asia Pacific Telecom Co., Ltd. Director at Co-Tech Development Corporation Director at Savior Lifetec Corporation Supervisor at Hua Ho Engineering Co., Ltd. Manager at Hua Eng Wire&Cable Co., Ltd.	-	-	-	-
Director	Taiwan	Chiang,Tai-Hsiung	Male 61~70	6/20/2019	3	10/17/2007	807,657	1.36%	887,657	1.43%	6,280	0.01%	-	-	Graduate Institute of Law from Chinese Culture University Deputy general manager at Microlife	Executive deputy manager of the Company Director at ONBO Electronic (Shenzhen)	-	-	-	-
Director	Mainland China	Tonghua Dongbao Pharmaceutical co.,Ltd.	-	6/20/2019	3	2/5/2016	12,000,000	20.17%	12,000,000	19.28%	0	0.00%	-	-			-	-	-	-
		Representative：Zhang,Wen Hai	Male 41~50	6/20/2019	3	6/20/2019	0	0.00%	0	0.00%	0	0.00%	0	0	Chinese medicine program, Harbin University of Commerce Deputy General Manager at Tonghua Dongbao Pharmaceutical co., Ltd	Director at Tonghua Dongbao Pharmaceutical co., Ltd Chairman of Shanghai Juyi Network Technology Co., Ltd.				
Independent Director	Taiwan	Tsai ,Gan-Ren	Male 51~60	6/20/2019	3	11/24/2009	0	0.00%	0	0.00%	0	0.00%	-	-	PhD in Biochemistry and Molecular Biology from Wayne State University, USA Professor, Department of Medical Laboratory and Biotechnology at Chung Shan Medical University	Independent Director of Healthconn Corp.	-	-	-	-

Independent Director	Taiwan	Kuo, Li-Jen	Female 61~70	6/20/2019	3	11/24/2009	0	0.00%	0	0.00%	0	0.00%	-	-	Doctor of Business Administration from National Taipei University Assistant Professor of Department of Business Administration at National Taipei University Assistant Professor of Department of Business Administration at Chung Yuan Christian University	Independent Director at Sunnic Technology & Merchandise Inc.	-	-	-	-
Independent Director	Taiwan	Lu,Hsueh-Yu	Male 61~70	6/20/2019	3	6/28/2013	0	0.00%	0	0.00%	129,246	0.21%	-	-	Department of Mechanical Engineering at National Cheng Kung University Deputy General Manager at Microlife General Manager at Microlife General Manager at ONBO Electronics (Shenzhen)	General Manager at Vega Technologies Inc.	-	-	-	-
Supervisor	Taiwan	Tai,Tsung-Kai	Male 51~60	6/20/2019	3	5/15/2007	405,236	0.68%	405,236	0.65%	22,003	0.04%	-	-	Department of Physics at Tunghai University Director at UNIVACCO Technology Inc. General Manager at UNIVACCO Inc. Vacuum Materials (Dongguan)	-	-	-	-	-
Supervisor	Taiwan	Su,Chin-Pin	Male 61~70	6/20/2019	3	2/5/2016	1,087,817	1.83%	1,087,817	1.75%	0	0.00%	-	-	Department of International Grade at Soochow University	General Manager at Maxhealth Corporation	-	-	-	-
Supervisor	Taiwan	Lin,Chien-Hsing	Male 71~80	6/20/2019	3	6/28/2013	12,501	0.02%	12,501	0.02%	2,000	0.00%	-	-	Department of Finance and Taxation at National Chengchi University		-	-	-	-

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

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

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

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

Explanation:

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

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

Table 1: Major Shareholders of Institutional Shareholders

April 18, 2022

Name of Institutional Shareholder (Note 1)	Major Shareholders(Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd.(32.96%), Huahong Investment Co., Ltd.(6.84%), Wang Yang Bi-E(3.49%), Wang Feng-Shu(2.55%), Wang Wen-Ling(2.20%), Wang Hong-Ren(2.12%), Wang Yu-Fa(1.75%), Wang Hong-Ming(1.46%), Chen Kun-Rong(0.80%), MEI DA WOODS INDUSTRY CO., LTD (0.62%)
Tonghua Dongbao Pharmaceutical Co., Ltd.	Dongbao Industrial Group Co., Ltd. (29.09 %), Tianjin Zhenyi Enterprise Management Consulting LP (9%), HKEX(2.64%)、Abu Dhabi Investment Authority (1.59%)、Chang,Wei (1.47%)、CHEN,CHING-YUEH (1.08)、Bank of China Limited－China Merchants Fund Management Co., Ltd. Biomedical Index Graded Securities Investment Fund (0.97%)、Bank of China Limited－Jiashi value selected stock securities investment fund、China Merchants Bank Co., Ltd.－Harvest evergreen commingled investment fund (0.68%)、LI,YI-KUEI (0.56%)

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

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

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

April 26, 2022

Name of Institutional Shareholder	Major Shareholder
First Copper Technology Co., Ltd.	Hua Eng wire&cable co.,ltd (39.44%)、Wang Yu-Fa (7.98%)、Wang Yang Bi-E (2.52%)、Wang Wen-Ling (1.82%)、Wang Feng-Yuan (0.67%)、International Ship Recycling Corporation (0.50%)、Wang Feng-Juan (0.43%)、Wang Hong-Ming (0.41%)、Wang Feng-Qin (0.23%)、Wang Feng-Juan (0.19%)
Huahong Investment Co., Ltd.	Hong Kong Gongsheng Industrial Company(79.79%), Wang Wen-Ling (3.19%), Wang Feng-Juan(3.19%), Wang Feng-Shu(3.19%), Wang Hong-Ren(3.19%), Wang Hong-Ming(2.87%), Wang Yu-Ting (2.13%), Wang Yu-Fa (1.07%), Wang Feng-Qin(0.85%), Wang Yang Bi-E (0.53%)
MEI DA WOODS INDUSTRY CO., LTD	Wang Yu-Fa (25.26%)、Wang Wen-Ling (16.32%)、Wang Yang Bi-E (15.79%)、Wang Feng-Yuan (15.79%)、Wang Feng-Shu (15.79%)、Wang Feng-Juan (5.26%)、Wang Hong-Ming (5.26%)、WANG,YU-TING (0.53%)
Dongbao Industrial Group Co., Ltd.	Li Yi-kui (12.24%), Li Chia-Wei(10.77%), Li Chia- Hong(10%), Wany,Tien-Feng(8.31%), Tsao,Fu-Po(7.98%), Hsing,Cheng(7%), Cheng Jian-Chiu (7%), Sun Shiao-Ling (6.69%), Cheng Jian-Chiu (6.4%), Hsu,Ning(6.35%), Leng,Chun-Sheng(6.23%)。

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

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

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

（2）Information of Directors and Supervisors

(a).Professional Qualifications and Independence Analysis of Directors and Supervisors:

Criteria / Name	Meet one of the Following Professional Qualification Requirements, together with at Least Five Years Work Experience (Note1)	Independence Attribute (Note 2)	Number of holding concurrent independent director position in other public companies
Director Huang,Chun-Mu	Mr. Huang is the founder of Bionime and has served in the Company since its establishment in 2003. Mr. Huang is the chairman and general manager of Bionime Corporation. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. (2) He is not having a marital relationship with, or a relative within the second degree of kinship of any other directors of the Company. (3) He is not elected as the director in the identity of government agency, juristic person or its representative as defined in Article 27 of the Company Act.	None
Director Chiang,Tai-Hsiung	Mr. Chiang joined Bionime in 2004. He was the vice president of the Bionime Management Office and retired on February 1, 2020. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. (2) He is not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. (3) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company. (4) He is not elected as the director in the identity of government agency, juristic person or its representative as defined in Article 27 of the Company Act.	None
Director Hua Eng wire&cable co.,ltd. Representative：Lin,Ming-Hsiang	Ms. Lin serves as the manager of Accounting Department in HUA ENG WIRE & CABLE CO., LTD. She has been designated as the representative of Hua Eng wire&cable co.,ltd., which is one of the directors of the Company since February 1, 2022. She does not constitute the circumstances defined in Article 30 of the Company Act.	(1) She is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company (2) She is not a director, supervisor or employee of a company that has a specific relationship with the company (refer to Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3, Paragraph 1, Subparagraphs 5 to 8); (3) She did not receive the remuneration from the Company or its affiliates for business, legal, financial, accounting, and other services in the last two years.	None

Director Tonghua Dongbao Pharmaceutical co., ltd. Representative：Zhang,Wen Hai	Mr. Zhang serves as the deputy general manager of Sales in Tonghua Dongbao Pharmaceutical co., ltd. He has been designated as the representative of Tonghua Dongbao which is one of the directors of the Company since June 22, 2019. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not a person who, or whose spouse, or a relative within the second degree of kinship (or in the name of others) holds shares, or a director, supervisor or employee of a company that has a specific relationship with the company (refer to Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3, Paragraph 1, Subparagraphs 5 to 8); (2) He did not receive the remuneration from the Company or its affiliates for business, legal, financial, accounting, and other services in the last two years. (3) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company.	None

Independent Director Tsai,Gan-Ren	Mr. Tsai has Ph.D. in Biochemistry and Molecular Biology, School of Medicine, Wayne State University, USA. He is a professor in the Department of Medical Laboratory and Biotechnology at Chung Shan Medical University. He also serves as an independent director of HEALTHCONN CORP. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not an employee of this Company or its affiliates. (2) He is not a Director or Supervisor of the Company or its affiliates (however, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary are set up according to this Act of local country ordinances). (3) He is not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings. (4) He is not a spouse, second-degree relative or third-degree relative of those listed in the above three items. (5) He is not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. (6) He is not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. (7) He is not a director, supervisor, or employee of another company or institution that the chairman, the general manager or the equivalents are the same person or the spouse of these positions of the company (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances). (8) He is not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company(However, this does not apply, in cases where the company or institution holds more than twenty percent but less than fifty percent of the total number of outstanding shares of the Company, and the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances) (9) He is not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services, provided that this restriction does not apply to any member of the compensation committee, the takeover board or the M&A special committee who exercises powers pursuant to Securities Exchange Law or the Corporate M & A Law; (10) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company. (11) He is not been a person of any conditions defined in Article 30 of the Company Act. (12) He is not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	1

Independent Director Kuo, Li-Jen	Ms. Kuo has the Ph.D. in Business Administration, National Taipei University. She was an adjunct assistant professor in the Department of Business Administration at National Taipei University and the Department of Business Administration at Chung Yuan Christian University. Ms. Kuo is an independent director of SUNNIC TECHNOLOGY & MERCHANDISE INC. She does not constitute the circumstances defined in Article 30 of the Company Act.		1
Independent Director Lu,Hsueh-Yu	Mr. Lu graduated from the department of Mechanical Engineering at National Cheng Kung University. He served as the vice president of Sales Department at Microlife Corporation, general manager of Yaluo Medical Co., Ltd., and general manager of onbo electronic (shenzhen) co. LTD. Mr. Lu is the general manager of VEGA TECHNOLOGIES INC. He does not constitute the circumstances defined in Article 30 of the Company Act.		None
Supervisor Su,Chin-Pin	Mr. Su is the general manager of MAXHEALTH CORPORATION. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company (2) He is not an employee of this Company or its affiliates. (3) He is not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services.	None

Tai,Tsung-Kai	Mr. Tai served as the director of UNIVACCO TECHNOLOGY INC. and the general manager of Tai Leng Industry Inc. (Dongguan). He has served as the supervisor of the Company since 2007. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company (2) He is not an employee of this Company or its affiliates. (3) He is not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services.	None
Supervisor Lin,Chien-Hsing	Mr. Lin graduated from the Department of Finance and Taxation at National Chengchi University, he has served as the supervisor of the Company since 2013. He does not constitute the circumstances defined in Article 30 of the Company Act.	(1) He is not having a marital relationship with, or a relative within the second degree of kinship of any other director of the Company (2) He is not an employee of this Company or its affiliates. (3) He is not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the more recent two years by providing commercial, legal, financial, accounting services or consultation services.	None

(b). Diversity and independence of the board of directors:

- Board Diversity: Describe the Board's diversity policy, goals, and achievements. The diversity policy includes but is not limited to the selection criteria of directors, the professional qualifications and experience that the board of directors should have, the composition or ratio of gender, age, nationality, culture, etc., and the company's specific goals and achievements are described in the previous policy.

  The company has seven directors, including three independent directors, two of whom are female. The professional background of the members covers operation, management, etc. The members of the board of directors have diverse backgrounds in industries, professions, and knowledge, and with their experience, they can give professional opinions from different perspectives, which are of positive help in improving the company's operating performance and management efficiency.

- Board Independence: State the number and proportion of independent directors, explain that the board of directors is independent, and explain with reasons whether there are no items 3 and 4 stipulated in Article 26-3 of the Securities and Exchange Act, including the description of the relationship between directors, supervisors, or between directors and supervisors as spouses and relatives within the second degree of kinship
  The company has seven directors, including three independent directors (accounting for 43% of the total number of directors), and one director with employee status (accounting for 14% of the total number of directors). The company also values gender

equality in the composition of the board of directors, as the ratio of female directors is 29%. The three independent directors do not have the situations defined in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act, which specify that directors shall not have a marital relationship or related within the second degree of kinship among directors, supervisors, or directors and supervisors.

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated. In addition, indicate whether there is any circumstance stated in Article 30 of the Company Act.

Note 2: Independent directors should state their independence, including but not limited to

(i). Whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its affiliated companies;

(ii). The number and proportion of the company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of another person);

(iii). Whether one is a director, supervisor or employee of a company that has a specific relationship with the company (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies);

(iv). The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

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

April 26, 2022; Unit: Share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Current Shareholding in the Name of others		Experience (Education)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	Ratio	Share	Ratio	Share	Ratio			Title	Name	Relations
Chairman and General Manager	Taiwan	Huang,Chun-Mu	Male	7/9/2010	2,474,492	4.08%	1,120,380	1.85%	-	-	National Taipei University of Technology MS Tech General Manager	Note1	-	-	-
Assistant General Manager of Operation Division	Taiwan	Hsiu Yu-Jen	Male	2/1/2016	100,210	0.17%	1,954	0.00	-	-	Master of Bio-Industry Mechanical and Electrical Engineering Institute from National Chung Hsing University	None	-	-	-
Assistant General Manager of R&D Division	Taiwan	Chen Bi-Hsuan	Female	2/1/2016	123,582	0.20%	0	0.00	-	-	Master of Biotechnology from National Cheng Kung University	None	-	-	-

Assistant General Manager of New Business Division	Taiwan	Chen Chieh-Shing	Male	5/14/2018	146,250	0.24%	17,489	0.03%	-	-	Department of Electronics at National Chin Yi University of Technology	None	-	-	-
Assistant General Manager of IOT Technology Division	Taiwan	Yeh Zhi-Long	Male	11/7/2018	53,000	0.09%	0	0.00	-	-	Department of Information Management at Chaoyang University of Technology Software Engineer at Johnson Health Tech Software Engineer at Hong Lue Enterprise	General Manager at Shanghai Juyi Medical Network Technology Co., Ltd.	-	-	-
Chief Financial Officer	Taiwan	Chen Hui-Zhen	Female	11/6/2017	93,591	0.15%	0	0.00	-	-	Department of Business Administration at Feng Chia University	None	-	-	-

Accounting Officer	Taiwan	Chen Ya-Wen	Female	2/1/2021	5,000	0.01%	0	0.00	0	0	Department of Accounting Information, National Taichung Institute of Technology	None	-	-	-

Note1: Information of General Managers, Deputy General Managers, Assistant General Managers and other Department and Branch Managers, and where the position is equivalent to General Manager, Deputy General Manager or Assistant General Manager, regardless of the title shall be disclosed regardless of the title.

(3) Remuneration for Directors (including Independent Directors), Supervisors, General Managers, Deputy General Managers

(a). Most Recent (2020) Traveling Expenses and Remuneration of the Directors

Unit: NT$ thousand

Title	Name	Directors Compensation								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (Note 10)		Compensation paid from an invested company other than the company's subsidiary)
		Base Compensation (A) (Note2)		Severance Payment (B)		Directors Compensation (C) (Note 3)		Directors Compensation (C) (Note 4)				Salary, Bonuses and Allowances (E) (Note 5)		Severance Payment (F)		Employee Compensation (G) (Note 6)						
		The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company		All companies in the consolidated financial statement (Note 7)		The Company	All companies in the consolidated financial statement (Note)	
																Cash	Stock	Cash	Stock			

Chairman	Huang,Chun-Mu	0	0	0	0	243	243	300	300	543 0.62 %	543 0.62%	3,436	3,436		0	450	0	450	0	4,429 5.07%	4,429 5.07%	None
	Hua Eng Wir Cable Co., Lt	0	0	0	0	243	243	0	0	243 0.28 %	243 0.28%	0	0		0	0	0	0	0	243 0.28%	243 0.28%	None
Director	Hua Eng Wir Cable Co., LtdRepresent ve: Lin Ming-Xiang (Dismissed o 2022.1.10)	0	0	0	0	0	0	290	290	290 0.33 %	290 0.33%	0	0	0	0	0	0	0	0	290 0.33%	290 0.33%	None
	Tonghua Dongbao Pharmaceutical Co., Ltd.	0	0	0	0	243	243	0	0	243 0.28 %	243 0.28%	0	0		0	0	0	0	0	243 0.28%	243 0.28%	None
Director	Tonghua Dongbao Pharmaceutical Co., Ltd. Representative :Chang,Wen-hai.	0	0	0	0	0	0	290	290	290 0.33 %	290 0.33%	0	0	0	0	0	0	0	0	290 0.33%	290 0.33%	None
Director	Chang,Tai-Hsiung	0	0	0	0	243	243	300	300	543 0.62 %	543 062%	0	0	0	0	0	0	0	0	543 0.62 %	543 0.62 %	None
Independent director	Tsai ,Gan-Ren	0	0	0	0	243	243	290	290	533 0.61 %	533 0.61%	0	0	0	0	0	0	0	0	533 0.61 %	533 0.61 %	None
Independent director	Kuo, Li-Jen	0	0	0	0	243	243	290	290	533 0.61 %	533 0.61%	0	0	0	0	0	0	0	0	533 0.61 %	533 0.61 %	None
Independent director	Lu,Hsueh-Yu	0	0	0	0	243	243	290	290	533 0.61 %	533 0.61%	0	0	0	0	0	0	0	0	533 0.61 %	533 0.61 %	None

1. Please explain the policy, system, criteria and structure of remuneration paid to independent directors, and describe the correlation with the amount of remuneration based on the factors such as responsibilities, risks, and time spent.
2. The Company has formulated the self-evaluation or peer evaluation regulations for the Board. In the future, the Board will determine the amount of the remuneration paid to the independent directors after evaluation based on the contribution of the directors and the Company's operating performance.
3. The remuneration to all the directors served for all the companies within the consolidated financial statement (such as a consultant not an employee) in the most recent fiscal year: None.

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

Range of Remuneration

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

Total	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd.	Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Ltd.

Note1: The Directors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure. The amount of cash payment is disclosed in a summary. If the director is also the general manager or deputy general manager, this table and the following table (3-1) or (2-2) shall be filled in.

Note2: The Director's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note3: The latest amount of Director's remuneration as passed by the board of directors.

Note4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note5: The latest salary, job allowances, Retirement Pension, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note8: The total remuneration paid by the Company to each Director; the Director’s name should be disclosed in the respective tier.

Note9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's name s should be disclosed in the respective tier.

Note10: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note11: a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

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

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

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

(b). Remunerations of the Supervisors:

Unit: NT$ thousand

Title	Name (Note 1)	Remunerations of the Supervisors						Ratio of Total Remuneration (A+B+C) to Net Income (Note 8)		Remuneration from Reinvested Businesses other than Subsidiaries (Note 9)
		Remuneration (A) (Note 2)		Bonus to Supervisors (B) (Note 3)		Business Execution Expenses (C) (Note 4)				
		The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	
Supervisor	Tai,Tsung-Kai	0	0	243	243	300	300	543 0.62%	543 0.62%	None
Supervisor	Lin,Chien-Hsing	0	0	243	243	290	290	533 0.61%	533 0.61%	None
Supervisor	Su,Chin-Pin	0	0	243	243	290	290	533 0.61%	533 0.61%	None

Range of Remuneration

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

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

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

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

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

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

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

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

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

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

b. If the Supervisor receives remuneration from the Company's re-invested businesses other than t he subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

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

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

(c). Most Recent (2021) Remunerations of the General Manager and Deputy General Manager (Including Independent Director):

Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Severance Payment (B)		Bonus and Special Fees (C) (Note 3)		Employee Remuneration (D) (Note 4)				The Sum of A, B, C and D as a percentage of After-tax Net Profit (%) (Note 8)		Employee Stock Option Certificate Warrants (Note 5)		Restricted Stock Award Warrants (Note 11)		Remuneration from Reinvested Business other than Subsidiaries (Note 10)
		The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company		Companies in the Consolidated Financial Statements (Note 6)		The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	
								Cash	Stock	Cash	Stock							
General Manager	Huang, Chun-Mu	3,436	3,436	0	0	0	0	450	0	450	0	3,886 4.45%	3,886 4.45%	3,436	3,436	0	0	None

Range of Remuneration

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

Note1: The General Managers and Deputy General Managers’ names should be listed separately, and the payments should be consolidated for disclosure. If the Directors are also General Managers or Deputy General Managers, this table and the table above (1-1) or (1-2) shall be filled in.

Note2: The latest amount of the General Manager’s and the Deputy General Managers’ remunerations (including salary, job allowances and severance payment).

Note3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and

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

Note5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.

Note6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager’s and the Deputy General Managers' names are to be disclosed in the respective tiers

Note7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager’s and the Deputy General Managers’ names should be disclosed in the respective tier.

Note8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note9: a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

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

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

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

(d). Managers with Employee Remuneration Distribution

Unit: NT$ thousand; Date: April 30, 2022

Title	Name	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Chairman as well as General Manager	Huang,Chun-Mu	0	1,550	1,550	1.77%
Assistant General Manager	Hsu,Yu-Jen				
	Chen Bi-Hsuan				
	Chen Chieh-Shing				
	Ye Zhi-Long				
	Zhang Ming-Lun				
Chief Financial Officer	Chen Hui-Zhen				
Accounting Officer	Chen Ya-Wen				

Note1: The names and titles should be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note2: The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note3: The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:
(1) General Manager and equivalent.
(2) Deputy General manager and equivalent.
(3) Associate and equivalent.
(4) Head of financial department.
(5) Head of accounting department
(6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

Note4: If the Directors, General Managers and Deputy General Managers have received employee compensation (including stocks and cash), they shall fill in Table 1 (2) and this table.

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

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

Proportion of the Total Remuneration of Directors, Supervisors, General Managers and Deputy General Managers	2020		2021	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
	10.99%	10.99%	10.58%	10.58%

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

(a). Directors and Supervisors

Remuneration to directors includes traveling expenses, director compensation, and business compensation. The directors' compensation is thoroughly stated in the Company's article of association. The company has not issued other alterations in remuneration, except for the payment of the directors' attendance fees and the distribution of directors' remuneration which is based on the results of directors' performance evaluation.

(ii). General Managers and Deputy General Managers

Remuneration to general managers and deputy general managers includes wages, various bonuses, and employees' compensation, and the negotiated remuneration is considered the salary standard of same business; bonuses are highly related to the company's operating results and performance. Based on the company's OKR indicators each year (indicators include revenue, net profit, new products, management, etc.) and the manager's personal performance to determine remuneration proposal, the proposal is submitted to the board of directors for resolution after deliberation by the remuneration committee. The distribution standard for employee remuneration follows the company's articles of association and is issued after the resolution and approval of the board of directors.

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

3. Implementation of Corporate Governance

(1) Operation of the board meeting

(a). A total of 5 board meetings were held in 2021, and the attendance of Directors (including independent Directors) is as follows:

Title	Name (Note 1)	Actual no. of Meetings Attended (B)	No. of Meetings with Entrusted Attendance	Actual Attendance Rate (%)【B/A】(Note 2)	Remarks
Chairman	Huang,Chun-Mu	5	0	100%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Ming-Shiang	5	0	100%	Dismissed on 2022.1.10
Director	Tonghua Dongbao Pharmaceutical Co., Ltd. Representative:Chang Wen-Hai	5	0	100%	
Director	Chiang,Tai-Hsiung	5	0	100%	
Independent Director	Tsai ,Gan-Ren	5	0	100%	
Independent Director	Kuo, Li-Jen	5	0	100%	
Independent Director	Lu,Hsueh-Yu	5	0	100%	
Supervisor	Tai,Tsung-Kai	5	0	100%	
Supervisor	Lin,Chien-Hsing	6	0	100%	
Supervisor	Su,Chin-Pin	6	0	100%	

Other matters to be recorded:

1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the resolution, the opinions of all independent directors and the Company's handling of the opinions of the independent directors:

(1) Matters listed in Article 14-3 of the Securities Exchange Act.
6 Board meetings were held in the year of 2021. The contents of the resolution are on pages cп to cc of the annual report. All independent directors had no objections to the matters listed in Article 14-3 of the Securities Exchange Act.

(2) Other than the aforementioned matters, the board resolutions which independent directors object to or have reservations about and there are records or written statements for them: None.

2. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:

(1) 2021/01/27 Board meeting- motion Regular review salary and year-end bonus of 2020 for managers as well as work bonus of January 2021 for manager payment details:
Resolution: The director Huang,Chun-Mu who acts as the manager of the Company concurrently didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren who was elected by the directors consulted the opinion of other attending directors, and all of them approved the motion unanimously.

(2) 2021/8/9 Board meeting-motion: Employee remuneration distributed for the managers in 2020:
Resolution: The director Huang,Chun-Mu who acts as the manager of the Company concurrently didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren who was elected by the directors consulted the opinion of other attending directors, and they approved the motion unanimously.

3. The TWSE/GTSM Listed Companies shall disclose the evaluation cycles, evaluation periods, scope, method and content of the board of directors' self-evaluation by the board members of themselves or peers and fill in the attached Table 2 (2) Board of Directors' Evaluation Implementation Status.

4. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an audit committee, promotion of information transparency, etc.):
(1) On March 19, 2021, the board of directors resolved to pass the 2021 board members and board performance evaluation results.
(2) The Company had purchased the liability insurance for all directors, which have been filed as required.

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

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

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

(b). Board of Directors' Evaluation Implementation Status

Evaluation cycles (Note1)	Evaluation periods (Note2)	Evaluation scope (Note3)	Evaluation method (Note4)	Evaluation content (Note5)
Once a year	January 1, 2021 to December 31, 2021	All Board of Directors'	Internal self-evaluation of the board of directors	Board performance evaluation items: A. Participation in the operation of the company. B. Improvement of the quality of the board of directors' decision making. C. Composition and structure of the board of directors. D. Election and continuing education of the directors. E. Internal control.
Once a year	January 1, 2021 to December 31, 2021	Individual directors	Self-evaluation of the board of directors	Performance evaluation projects for individual directors: A. Alignment of the goals and missions of the company. B. Awareness of the duties of a director. C. Participation in the operation of the company. D. Management of internal relationship and communication. E. The director's professionalism and continuing education. F. Internal control.

Evaluation results:

(a). The overall results of the internal performance self-evaluation of the company's board of directors in 2021 were scored as 4.76 (The full score is 5), which means "excellent"

(b). The overall results of self-evaluation of individual directors in 2021 were scored as 4.87 (The full score is 5), which means "excellent"

The conclusion: The company's board of directors is operating well as a whole.

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

A total of 5 board meeting was held in 2018, and the attendance of Supervisors is as follows:

Title	Name	Actual no. of Meetings Attended (B)	Actual Attendance Rate 【B/A】(Note)	Remarks
Supervisor	Tai,Tsung-Kai	5	100%	
Supervisor	Lin,Chien-Hsing	5	100%	
Supervisor	Su,Chin-Pin	5	100%	

Other matters to be recorded

1. Composition and responsibilities of Supervisors:

(1) Communication among Supervisors and Company employees and shareholders

Have better understanding of Company’s profitability during board meetings or telephone enquiry.

(2) Communication between Supervisor and the Head of Internal Audit and the accountant:

The Audit produces a monthly audit report which is presented to the supervisor at the end of the following month or by email.

2. If Supervisors state their opinions in a board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the results of the board resolution and the Company’s handling of the Supervisors’ opinions: None.

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

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

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

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

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			in order to avoid improper disclosure of information.	
3. Composition and Responsibilities of the Board of Directors （1）Does the board of directors formulate a diversity policy, specific management objectives and implement it in terms of membership?	V		(1) The Company has seven directors, including three independent directors, one of whom is a female. The professional background to the members covers business management, finance, accounting and law. The board members have a diverse background in industry, profession and knowledge, and provide professional advice from difference perspectives with their experiences, which shall greatly enhance the Company's business performance and management efficiency. The Company has established "Regulations of the Board of Directors" and "Regulations on the Election of Directors and Supervisors".	No difference.
（2）Has the company voluntarily establishes other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) Except for Compensation Committee, there are no other functional committees yet as there is currently no requirement.	(2)(3) will be determined according the operation status and scale in the future.
（3）Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the result of performance evaluation to the Board as reference for remuneration paid to the directors and their nomination for succession?	V		(3) The Company has formulated the board performance evaluation regulations in 2020, and will conduct the performance evaluation for the individual directors and the overall board after the end of the year.	
（4）Does the Company regularly evaluate the				No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
independence of CPAs?	V		(4) The certified accountants appointed by the Company is one of the worlds' four largest accounting firms, and has avoided its direct or indirect interest, which is fully independent.	
4. Has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings and shareholders' meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings, etc.)?		V	Although no corporate governance manager is assigned, the Company has dedicated personnel who are responsible for related matters regarding corporate governance, including providing the directors and supervisors with required information to carry out their business, handling matters related to board of directors and shareholders according to the law, handling corporate registration and change of corporate registration related matters, taking the minutes of board meeting s and shareholders' meetings. The Company has set up "Standard Operating Procedures for Handling Directors' Requirements."	It will evaluate to set up the corporate governance manager based on the corporate governance needs of the Company.
5. Has the Company established communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate	V		The Company's website has a stakeholder section, and dedicated personnel responds to important corporate social responsibility concerns.	No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
social responsibility concerns?				
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		In 2008, the Company appointed Chinatrust Commercial Bank as the stock agency to handle shareholders' related affairs.	No difference.
7. Disclosure of information (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)? (3) Did the company announce and file its annual financial reports within 2 months from the end of the fiscal year? Did the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?	V V	V	(1) The Company has set up both Chinese and English websites to provide information related to financial business and corporate governance. The website: http://www.bionime.com.tw; Dedicated personnel is responsible for maintenance of the website and immediate updates are available for shareholders and interest parties. (2) The Company has spokespersons and acting spokespersons according to the regulations. It has appointed dedicated personnel to collect company information and put onto MOPS on a regular basis. (3) Except for the annual financial reports announced within 3 months after the end of the fiscal year, the Company has announced and filed the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date.	No difference. No difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. The status of directors and supervisors' further training: It has been disclosed in the "Corporate Governance Section of the MOPS". 2. The Company has purchased Liability Insurance for Directors, Supervisors and Important Managers to strengthen the protection of shareholder's equity.	No difference.
9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated). The Company carries out self-evaluation of corporate governance according to the regulations of the competent authorities, and gradually improves the corporate governance, in order to enhance the corporate governance image: Improvements: The company conducts corporate governance evaluation and self-evaluation in accordance with the regulations of the competent authority, and improves the corporate governance situation gradually to enhance the corporate governance image.				

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

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

(a) Remuneration Committee Member Information

Title (Note 1) / Name / Criteria		Meet one of the Following Professional Qualification Requirements, together with at Least Five Years Work Experience(Note2)	Independence Attribute (Note3)	Concurrent members of the compensation and remuneration committees of other public offering companies (Number of companies)
Independent Director (Organizer)	Tsai ,Gan-Ren	Please refer to the information disclosed on directors and supervisors on page 1T, 1. Professional Qualifications and Independence Analysis of Directors and Supervisors		1
Independent Director	Kuo, Li-Jen			1
Independent Director	Lu,Hsueh-Yu			0

Note1: Please specify in the form the relevant working years, professional qualifications and experience, and independence of the members of the Compensation Committee. If they are independent directors, please refer to Table 1 Information of Directors and Supervisors (1) on page 00 for remarks. Please fill in the Title as an independent director or others (if one is an organizer, please add a note).

Note2: Professional qualifications and experience: please state the professional qualifications and experience of each compensation committee members.

Note3: Condition of independence: please state that the members of the Compensation Committee meet the conditions of independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its affiliated companies; The number and proportion of the company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of another person); Whether one is a director, supervisor or employee of a company that has a specific relationship with the (Refer to Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, Article 6, Item 1, Subparagraphs 5 to 8); The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

(b)Remuneration Committee Operation Status

i. The Company’s Remuneration Committee is composed of three people.

ii. Current member’s tenure: From June 20, 2019 to June 19, 2022. In 2021, the Remuneration Committee held three meetings (A), and the member qualifications and attendance are as follows:

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

Other matters to be recorded:

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company’s handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): None.

2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: None.

Notes:

(1) If any remuneration committee member leaves the company before the end of the year, please state in the Remarks field the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of the actual meetings attended during the tenure.

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

iii. Content of motions, resolution results and the Company's handling of the opinion of the remuneration committee members in the most recent year：

Remuneration committee meeting /date	Motion	Results of the resolutions	The Company's handling of the opinion of the remuneration committee members
The 6th meeting of the 4rd remuneration committee held on January 27, 2021	1. Revise the company's board of directors' self-evaluation or peer evaluation method 2. Regularly review the manager's salary, the 2020 year-end bonus, and the details of the manager's payment of work bonus in January 2021	After the chairman consulted the opinion of committee members, the motion was approved upon the consent of all attending members	None
The 7th meeting of the 4rd remuneration committee held on March 19, 2021	1. Performance evaluation results of the company's 2020 board members and board of directors 2. Proposal of 2020 remuneration distributed for employees, directors and supervisors		
The 8th meeting of the 4rd remuneration committee held on August 9, 2021	1. Proposal of 2020 remuneration distributed for directors and supervisors 2. Proposal of the formulation of the company's "Remuneration Measures for Directors, Supervisors and Functional Committee Members" and the revision of the organizational rules of the Salary and Compensation Committee		

(a) The implementation status of promoting sustainable development initiatives and the deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
1. Does the company establish a management structure to implement the sustainable development initiatives and set up a dedicated (part-time) unit to implement, which shall be handled by senior management authorized by the board of directors, and the board of directors supervises the situation?	V		The Company pays great attention to environmental protection and occupational safety and health. The Company establishes an ISO45001 management system in line with the global environmental protection and occupational safety and health trends. In addition, the company has formulated "Management Procedures for Preventing Insider Trading", "Code of Ethical Conduct" and "Internal Control System", etc. With the continuous operation of various management systems and procedures, the company can immediately detect and respond to risks associated with the operating environment, employee safety, customers, suppliers, and various stakeholders.	No difference.
2. Does the company proceed the risk assessments on environmental, social and corporate governance issues associated with company operations according to the principle of materiality, and formulate the relevant policies or strategies of risk management? (Note 2)		V	Plan in progress.	Depending on the Company's operating conditions and scale.

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	V		(1) The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees' physical health examinations, occupational injury prevention, fire safety, environmental health, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate social responsibility.	No difference. No difference.
(2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?	V		(2)The Company has a recycling area, which regularly recycles re-usable resources, and has also set up wastewater and rainwater recycling for re-using.	
(3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?	V		(3) The company pays great attention to issues related to climate change, so employees are asked to start from daily works. For example, double-sided printing is adopted for document printing, and a recycling box is set next to the photocopier for reuse of recycled paper. The company uses electronic invoices and implements an online approval system to reduce paper waste. Install power-saving devices in the new plant area, strengthen the maintenance of the air-conditioning system, and install a solar power generation system on the roof. Employees are responding to the company's policy to develop the good habit of turning off the lights and saving energy in order to slow down global warming.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description (Note 2)</th></tr>
<tr><td>(4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?</td><td>V</td><td></td><td>(4) There are statistics on greenhouse gas emissions, water consumption, waste water and total waste weight every year. The company also formulates energy saving, carbon reduction, greenhouse gas reduction, and water consumption policies to achieve the goal of reducing emissions by 1% per year. The solar power generation system on the top floor of the plant was completed in 2019, in response to the green energy saving policy.
<table>
<tr><td></td><td>2020</td><td>2021</td></tr>
<tr><td>Total water consumption (kilowatt hour)</td><td>28,176</td><td>26,423</td></tr>
<tr><td>Total electricity emissions consumption-greenhouse gas (kg CO2 e/ kilowatt hour)</td><td>7,148,000</td><td>6,239,398</td></tr>
<tr><td>Waste (tons)</td><td>37.615</td><td>35.751</td></tr>
<tr><td>Wastewater (tons)</td><td>5,913</td><td>5,041</td></tr>
</table></td><td></td></tr>
<tr><td>4. Social issues
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>(1) The Company’s implementation of human rights protection policies is as follows:
The Company complies with local applicable laws and international standards.
The Company and its subsidiaries abide by the relevant local laws and regulations of each operating site, support and respect relevant international labor human rights norms, including the ILO Tripartite Declaration of Principles and the United Nations Global Compact.</td><td></td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?	V		(2) Labor rights and interests The labor / employment contract signed between each employee and the Company complies with relevant local regulations.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) (a). In order to prevent the occurrence of occupational disasters, the Company spares no effort to improve the working environment to ensure the safety of employees (including all partners). Moreover, it has passed ISO 45001 occupational health and safety management system certification to provide a safe Working environment for the employees. (b). The Company provides employees with safety and health work relevant items as follows: 1. Regularly conduct employee health checks every year. 2. Schedule safety and health education and training courses every year. 3. Carry out inspections in the operating environment every six months. 4. Build diverse communication channels for employee suggestions and complaints. 5. Formulate "Appeal and Punishment Measures for Prevention and Control Measures of Sexual Harassment in the Workplace", provide complaint channels and keep the working environment in order	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
			6. Purchase accident and medical insurance for employees. 7. Formulate precautions for emergency response countermeasures, hold fire drills and lectures every six months, and regularly hold safety maintenance meetings.	
(4) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	V		(4) The company's talent cultivation strategy takes "function-oriented performance training", "class-specific training system" and "function-specific training academy" as the main projects, training and developing value chain management processes, inputting and connecting organizations as the strategic goal, and find out the functional gap and performance gap of human resources. Through systematic training course design, strengthen and upgrade staff's job functions to achieve organizational, departmental and personal performance.	
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set polices and appeal procedures for protection of consumer's rights and interests?	V		(5) The company has set up a 0800 free customer service line. Services include customer appeals, dispute resolution and after-customer service mechanisms. For customer data, confidential file management is adopted in accordance with the Personal Data Protection Law, and non-related business personnel are not allowed to access it.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?	V		(6) The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees' physical health examinations, occupational injury prevention, fire safety, environmental sanitation, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate social responsibility.	
5. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?		V	The Company hasn't prepared a CSR report.	Depending on the Company's operating conditions and scale.
6. If the company has its own sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the difference between its operation and the principles		V	The Company does not have its own sustainable development principles.	Depending on the corporate governance needs in the future.
7. Other important information to help understand the operation of corporate social responsibility: (1) Bromine is committed to promoting people's quality and healthy living, as well as to research and development of home health medical equipment that is trusted by everyone. Therefore, professional-grade medical equipment is equipped with a user-friendly operating interface, so that high- medical meters have a simple operating interface, and people can easily check their own health at home.IN addition, due to changes in people's diet and living styles in recent years, the age group of people who have high blood pressure, high blood sugar, and high				

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description (Note 2)	
cholesterol have tendency to decrease year by year. In order to implement the business philosophy of improving people's quality and healthy life, we cooperate with the health education department of major hospitals and distributors to educate the public to understand the relevant diseases and their correct health care concepts, so people have a better understanding of better health care for themselves and their families. (2) 2021 "Industry-University Cooperation Plan", the company works with National Taichung University of Education (NTCU) and National Chin-Yi University of Technology for industry-university cooperation plan. Introduce summer interns and classmates of the industry-university cooperation program to help them experience the workplace early and enhance students' employment competitiveness. Hope to cooperate with the academic community through the resources provided by the industry, so that the practical experience of the industry and the research ability of the academic community can work closely together to create a win-win situation for enterprises, schools and students. (3) Succession planning and operation of important management positions: The successors of the important management of the Company must have excellent professional and leadership skills, their values must be consistent with the company's corporate culture, and they must have keen observation skills, good organizational skills, problem-finding vision and problem-solving skills. For the fostering talents of important management positions, it covers the strengthening of management functions, job rotation and project experience, and systematically cultivates the management candidates to have timely and accurate intelligent decision-making and problem-solving capabilities. In addition to internally cultivating management with growth-oriented values, it also recruits outstanding managers externally and gathers internal and external talents to strengthen the breadth and depth of the company's succession talent pool.				

Note1: If "Yes" is selected under the Implementation Status, it shall explain the important policies, strategies, measures and implementations. If "No" is selected under the Implementation Status, it shall explain the reason and detail the plan to carry out the policies, strategies and measures in the future.

Note2: The Company has compiled a corporate social responsibility report, and the Description indicates the method of reviewing the CSR report and the replacement of index page.

Note3: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(6) Implementation of Integrity Management

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

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

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

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			relevant internal regulation such as auditing and internal control, and considers the "Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" as the basis for implementing integrity management.	
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	V		(3) The Company stipulates provisions to prevent conflicts of interest in the Code of Ethical Conduct, Management Regulations for Employees 'Code of Practice, labor contracts, and work rules, so as to provide employees with complete guidelines. It has an internal mailbox for suggestions and an external reporting mailbox to provide a smooth reporting and expressing channel.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	V		(4) The Company has established an accounting system and internal control system to ensure the validity of the financial reporting process and internal control. The internal audit unit prepares the audit plan based on the risk assessment results, regularly performs audit operations, and performs audits randomly upon demand. The audit results are also reported to the Board.	
(5) Does the Company hold regular internal and	V		(5)It explains the Company's relevant regulations	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
external training on business integrity?			for the new recruits and request them to labor contracts. It also holds various internal meetings, conducts advocacy in various forms, and arranges trainings for new recruits at the first day when they come to work. Moreover, it organizes related internal educations and trainings (including courses on integrity management, regulatory compliance, intellectual property rights, business secrets, etc.) to illustrate the importance of integrity management. a). In 2021, we prepared education and training sessions for every newcomer to explain the code of conduct and work rules for employees for 1 hour each time, with a total of 359 participants. b). In 2021, we prepared education and training sessions for every newcomer to introduce "Intellectual Property Rights", which was conducted for 0.5 hours each time, with a total of 284 participants. c). In 2021, we prepared education and training sessions for "Information Security and Business Secrets", which was held for colleagues in various departments, for 2 hours each time,	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			with a total of 154 participants. d). In 2021, we prepared education and training sessions for "Prevention of Insider Trading and Integrity Management", which was held for directors, supervisors, and managers, for 1 hour each time, with 10 participants.	
3. Operation of the Company Reporting System (1) Has the Company set up specific reporting and reward systems and a convenient reporting channel, and does the Company assign appropriate personnel to investigate the person being reported? (2) Has the Company established standard operating procedures for investigating complaints, and the subsequent measures taken after the investigation and ensuring that such complaints are handled in a confidential manner? (3) Does the Company take measures to protect the reporter from improper treatment?	V V V		(1) The opinions of employees can be reflected through multiple channels including management and human resources units, and shall be properly handled and communicated smoothly. (2) The Company has a whistleblowing system and protects its employees from revenge by reporting their violations. (3) The Company handles the reporting cases in a confidential manner to protect the whistleblower's identity. If the whistleblower is an employee, the Company guarantees that he will not be subject to improper treatment due to the reporting.	No difference.
4. Strengthening of Information Disclosure (1) Does the Company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?	V		The Company's performances of integrity management and adoption measures are disclosed on its website and annual reports.	No difference.
5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice				

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
Principles for TWSE/TPEx Listed Companies", lease describe the difference between them: The Company has not set up Corporate Governance Best Practice Principles but complies with the Company Law, Stock Exchange, Commercial Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations and relevant internal regulation such as auditing and internal control, and considers the "Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" as the basis for implementing integrity management.				
6. Other important information that will help to understand the operation of the Company's integrity (eg. the Company reviews and amends its established code of conduct, etc.): the Company keeps an close eye on the developments of relevant norms of integrity management at home and abroad in order to review and improve the Company's integrity management policy to enhance the effectiveness.				

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

(7) If the Company has adored corporate governance best-practice principles or related bylaws, disclose how there are to be searched:
Such rules can be referred to the Company's website, under the Investors/Corporate Governance page.

(8) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed: None.

(9) Implementation of the internal control system:
i. Statement of Internal Control System (refer to p.cy)
ii. If the CPA was engaged to conduct a Special Audit of Internal Control System, provide its audit report: None.

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

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

Date / Meeting	Important Resolutions
8/30/2021 Shareholders' Meeting	●Approval of the Company's 2020 business report and financial statements Implementation status: Approved, and has been completed according to the resolution of shareholders' meeting ●Approval of the Company's 2020 profit distribution plan Implementation Status: Proposed 8/1/2021 as the record date, and 8/20/2021 as the payment date ●Approved the amendments to the Company's Articles of Association Implementation Status: Revision Completed and anounced on company website. ●Approved the amendments to the Procedural Rules for Shareholders' Meeting.

	Implementation Status: Revision Completed and ammounced on company website.
1/27/2021 Board of Directors' Meeting	●Approved the 2021 Operation Plan ●Approved amendments to the "Measures for Self-evaluation or Peer Evaluation of the Board of Directors of the Company" ●Approved the personnel change case ●Approved the 2020ear-end Bonus Distribution for Managers ●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q4, 2020, and the settlement of reference date for capital increase ●Approved the bank financing application
3/19/2021 Board of Directors' Meeting	●Approved the company's 2020 board of directors and board performance evaluation results. ●Approved the 2020 remuneration distribution for employees and directors ●Approval of the Company's 2020 business report and financial statements ●Approved the Company's 2020 profit distribution plan ●Approved Distribution of Legal Reserves and Capital Reserves by paying cash ●Approved the amendments to the Company's Articles of Association ●Approved the amendments to the Procedural Rules for Shareholders' Meeting ● Approved the convening of 2020 general shareholders' meeting ●Approved the 2020 internal control system statement ●Approved the bank financing application
5/7/2020 Board of Directors' Meeting	●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q1, 2021, and the settlement of reference date for capital increase ●Authorize the chairman of the board to set the company's 2020 cash dividend distribution base date proposal ●Approved the bank financing application
8/9/2021 Board of Directors' Meeting	●Approved the 2020 remuneration distribution for managers ●Approved the 2020 remuneration distribution for directors and supervisors ●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q2, 2021, and the settlement of reference date for capital increase ● Approved the date and venue for the postponement of the 2021 General Meeting of Shareholders ●Approved the bank financing application
11/9/2021 Board of Directors' Meeting	●Approved the 2021 Annual Audit Plan ●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q3, 2021, and the settlement of reference date for capital increase ●Approved the bank financing application

1/19/2022 Board of Directors' Meeting	●Approved the 2022 Operation Plan ●Approved the 2021year-end Bonus Distribution for Managers ●Approved the bank financing application
3/22/2022Board of Directors' Meeting	●Approved the 2020 remuneration distribution for employees and directors ● Approved the review of the 2022 annual manager salary adjustment ●Approved the company's 2021 board of directors and board performance evaluation results. ●Approval of the Company's 2021 business report and financial statements ●Approved the Company's 2021 profit distribution plan ●Approved Distribution of Legal Reserves and Capital Reserves by paying cash ●Approved the Re-election of all Directors ●Approved the amendments to the Company's Articles of Association ●Approved the amendment to the Procedures for Acquisition and Disposal Assets ●Approved the amendment to the Procedures for Election of Directors and Supervisors. ●Approved the amendments to the Procedural Rules for Shareholders' Meeting ●Approved the Proposal of Release the Prohibition on Directors from Participation in Competitive Business ● Approved the convening of 2021 general shareholders' meeting ● Approved the announcement of nominations for Directors (Including Independent Directors) of the 2022 General Shareholders' Meeting ●Approved the convening of 2020 general shareholders' meeting ●Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q4, 2021, and the settlement of reference date for capital increase ● Approved for the cancellation of the treasury shares of the company ●Approved the 2021 internal control system statement ●Approved the bank financing application
5/11/2022 Board of Directors' Meeting	● Approved the company's greenhouse gas inventory and verification schedule ● Approved and reviewed the list of nominated directors (including independent directors) ● Approved amendments to part of the company's "Rules of Procedure for the Board of Directors" ● Approved the proposal to formulate the company's "Organization Regulations of the Audit Committee"

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed

a dissenting opinion with respect to a resolution approved by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

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

Bionime Corporation
Statement of Internal Control System

Date: March 22, 2022

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

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reason assurance of accomplishing its three state objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluate the design and operating effectiveness of its internal control system Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evolution, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in the meetings held on March 22, 2022, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

BIONIME Corporation

Chairman: Huang,Chun-Mu

General Manager: Huang,Chun-Mu

4. Information on CPA Profession Fees

Information on CPA Profession Fees

Unit: NT$ thousand

Accounting Firm	CPA Name	Audit period	audit fee	Non-audit fee	Total	Remarks
KPMG	Zhang Zi-Shin	2021.01.01 ~2021.12.31	2,780	665	3,445	TP report 340 thousand NTD and tax audit report 250 thousand NTD
	Wu Jun yuan	2021.01.01 ~2021.12.31				

Please specify the content of non-audit public services: (such as tax visa, assurance or other financial advisory services)

Note: If there is any change of accountants or accounting firm this year, please list the audit period separately, explain the reason of the change in the remarks column, and disclose the audit and non-audit fees paid in sequence. The non-audit fees should be noted and should explain its service content.

(1) The non-audit fee paid to the CPA, CPA's accounting firm and affiliated companies accounts for over 1/4 to audit fee: None.

(2) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons: None.

(3) If the audit fee is reduced more than 15% compared with the previous year the reduction in the amount of audit fees, the proportions, and reason (s) there for shall be disclosed: There is no reduction in the audit fees.

5. Change of Accountants:None.

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

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

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

Title	Name	2021		Current year to April. 24	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman as well as CEO	Huang,Chun-Mu	3,500	(1,200,000)	0	0
Director	Chiang,Tai-Hsiung	0	0	0	0
Director	Hua Eng Wire & Cable Co., Ltd Representative:Liou,Xiu-Mei	0	0	0	0
Shareholders holding more than 10% shares	Hua Eng Wire & Cable Co., Ltd				
Director concurrently holding more than 10% shares	Tonghua Dongbao Pharmaceutical Co., Ltd.	0	0	0	0
Independent director	Tsai,Gan-Ren	0	0	0	0
Independent director	Kuo, Li-Jen	0	0	0	0
Independent director	Lu,Hsueh-Yu	0	0	0	0
Supervisor	Dai, Zong-Kai	(30,000)	(270,000)	(32,000)	0
Supervisor	Lin,Chien-Hsing	0	0	0	0
Supervisor	Su,Chin-Pin	0	0	0	(100,000)
Associate Manager	Hsiu,Yu-Ren	56,000	38,500	0	0
Associate Manager	Chen,Bi-Hsuan	18,000	55,000	(5,000)	0
Associate Manager	Chen,Jie-Hsing	64,500	0	0	0
Associate Manager	Ye, Zhi-Long	25,000	45,000	(9,000)	0

		(13,000)			
Finance Manager	Chen,Hui-Zhen	9,200	0	0	0
Accounting Manager	Chen,Ya-wen(Date onboard: 2/1/2021)	2,000	0	0	0

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

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

(2) Information on equity transfer:

Name	Reasons for pledge changes	Date	Counterparty	Counterparty's relationship with company directors, supervisors, managers and shareholders who hold more than 10% of the shares	Share	Trading price
Dai, Zong-Kai	Gifted	2021.08.12	TAI,PO-HSIANG		15,000	70.8
Dai, Zong-Kai	Gifted	2021.08.12	TAI,PO-YU		15,000	70.8
Dai, Zong-Kai	Gifted	2022.01.07	TAI,PO-HSIANG		16,000	75.7
Dai, Zong-Kai	Gifted	2022.01.07	TAI,PO-YU		16,000	75.7

(3) Information on equity pledge:

Name	Reasons for pledge changes	Date	Counterparty	Counterparty's relationship with company directors, supervisors, managers and shareholders who hold more than 10% of the shares	Share	Shareholding ratio	Pledge ratio	Pledged (redemption) amount
Dai, Zong-Kai	Redemption	2021.01.11	Cathay United Bank Hsinhsing Branch	-	270,000	0.57%	0.00%	-
Hsu,Yu-Jen	Pledged	2021.01.18	Cathay United Bank Taichung Branch	-	21,000	0.17%	82.33%	-
Hsu,Yu-Jen	Pledged	2021.07.01	Cathay United Bank Taichung Branch	-	17,500	0.17%	82.33%	-
Yeh, Zhi-Long	Pledged	2021.01.22	Cathay United Bank Taichung Branch	-	45,000	0.09%	84.91%	-
Huang,Chun-Mu	Redemption	2021.02.04	Chang Hwa Commercial Bank, Ltd. South Taichung Branch	-	1,200,000	4.08%	48.49%	-

Name	Reasons for pledge changes	Date	Counterparty	Counterparty's relationship with company directors, supervisors, managers and shareholders who hold more than 10% of the shares	Share	Shareholding ratio	Pledge ratio	Pledged (redemption) amount
Chen,Bi-Hsuan	Pledged	2021.12.16	Cathay United Bank Taichung Branch	-	55,000	0.20%	44.50%	-
Su,Chin-Pin	Redemption	2021.04.13	Yuanta Securities Finance	-	100,000	1.79%	45.96%	-

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

April. 24.2022

Name	Shareholding		Spouse & Minor Children Current Shareholding		Current Shareholding in the Name of others		Relationships among the Top Ten Shareholders, anyone who is a Related Party, Spouse, or Second-Degree Kinship of another: Name and Relation		Remarks
	Share	%	Share	%	Share	%	Title (Name)	Relation	
Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Leng Chun-Sheng	12,000,000	19.80%	-	-	-	-	-	-	-
Hua Eng Wire & Cable Co., Ltd Representative:Liu,Tsung-Jen	7,807,900	12.88%	-	-	-	-	-	-	-
Huang,Chun-Mu	2,474,492	4.08%	1,120,380	1.85%	-	-	Huang Shiu-Chin Shih,Chin-Hsiu	Husband and wife Brother and sister	-
Yen-Pen Investment Co.,Ltd. Representative：Chang,Mei-Ling	1,500,000	2.47%	-	-	-	-	-	-	-
Cathy Life Insurance Representative: Huang Tiao-Gui	1,461,000	2.41%	-	-	-	-	-	-	-
Huang Shiu-Chin	1,124,869	1.86%	-	-	-	-	Huang,Chun-Mu	Brother and sister	-
Shih,Chin-Hsiu	1,120,380	1.85%	2,474,492	4.08%	-	-	Huang,Chun-Mu	Husband and wife	-
Su Chin-Pin	1,087,817	1.79%	-	-	-	-			-
Tseng,chin-Cheng	931,000	1.54%	-	-	-	-	-	-	-
Chiang,Tai-Hsiung	887,657	1.46%	-	-	-	-	-	-	-

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

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

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

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

IV. Capital Overview

1. Capital and Shares

(1) Source of capital

Unit: NT$ thousand; 1000 shares

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

Year/ Month	Par Value	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets other than Cash	Others
						option certificates 2,226		
2010/1	14.4	50,000	500,000	36,236	362,356	Employee stock option certificates 14,400	None	Note 18
2010/12	95	50,000	500,000	39,952	399,516	Capital increase NT$353,020 thousand by cash	None	Note 19
2011/8	10	50,000	500,000	43,947	439,468	Capital increase NT$39,952 thousand by capital surplus	None	Note 20
2014/12	38	70,000	700,000	51,447	514,468	Capital increase NT$285,000 thousand by cash	None	Note 21
2015/12	95	70,000	700,000	63,447	634,468	Capital increase NT$1,140,000 thousand by private placement	None	Note 22
2017/8	10	70,000	700,000	59,447	594,468	Capital increase NT$40,000 by treasury stock	None	Note 23
2019.7	10	100,000	1,000,000	59,501	595,008	Employee stock option certificates NT$540,000	None	Note 24
2019.11	47.7	100,000	1,000,000	59,670	596,698	Employee stock option certificates NT$1,690,000	None	Note 25
2020.2	47.7	100,000	1,000,000	60,536	605,358	Employee stock option certificates NT$8,660,000	None	Note 26
2020.6	47.7 49.4	100,000	1,000,000	61,522	615,218	Employee stock option certificates NT$9,860,000	None	Note 27
2020.11	46.4 48	100,000	1,000,000	61,756	617,558	Employee stock option certificates NT$2,340,000	None	Note 28
2021.3	46.4 48	100,000	1,000,000	61,963	619,633	Employee stock option certificates NT$2,075,000	None	Note 29
2021.7	48	100,000	1,000,000	62,195	621,953	Employee stock option certificates NT$2,320,000	None	Note 30
2021.10	48	100,000	1,000,000	62,236	622,358	Employee stock option certificates NT$405,000	None	Note 31
2021.12	48 46.6	100,000	1,000,000	62,289	622,888	Employee stock option certificates NT$530,000	None	Note 32

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

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

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

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

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

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

Note 7: The capital increase was approved by Ministry of Economic Affairs on September 16, 2005 No. 09432834870.

Note 8: The capital increase was approved by Ministry of Economic Affairs on October 5, 2005 No. 09432935950.

Note 9: The capital increase was approved by Ministry of Economic Affairs on May 5, 2006 No. 09532127100.

Note 10: The capital increase was approved by Ministry of Economic Affairs on May 17, 2006 No. 09532182970.

Note 11: The capital increase was approved by Ministry of Economic Affairs on May 14, 2007 No. 09632110580.

Note 12: The capital increase was approved by Ministry of Economic Affairs on October 22, 2007 No. 09632934410.

Note 13: The capital increase was approved by Ministry of Economic Affairs on June 20, 2008 No. 09732462450.

Note 14: The capital increase was approved by Ministry of Economic Affairs on August 8, 2008 No. 09732815110.

Note 15: The capital increase was approved by Ministry of Economic Affairs on October 22, 2008 No. 09733293140.

Note 16: The capital increase was approved by Ministry of Economic Affairs on January 6, 2009 No. 09831508980.

Note 17: The capital increase was approved by Ministry of Economic Affairs on September 10, 2009 No. 09833037820.

Note 18: The capital increase was approved by Ministry of Economic Affairs on February 22, 2010 No. 09931699410.

Note 19: The capital increase was approved by Ministry of Economic Affairs on January 4, 2011 No. 10031506780.

Note 20: The capital increase was approved by Ministry of Economic Affairs on August 25, 2011 No. 10032427660.

Note 21: The capital increase was approved by Ministry of Economic Affairs on January 8, 2015 No. 10301266680.

Note 22: The capital increase was approved by Ministry of Economic Affairs on January 12, 2016 No. 10401278900.

Note 23: The capital increase was approved by Ministry of Economic Affairs on August 29, 2017 No. 10601121050.

Note 24: The capital increase was approved by Ministry of Economic Affairs on July 22, 2019 No. 10801090630.

Note 25: The capital increase was approved by Ministry of Economic Affairs on November 28, 2019 No. 108011721120.

Note 26: The capital increase was approved by Ministry of Economic Affairs on February 14, 2020 No. 10901014580.
Note 27: The capital increase was approved by Ministry of Economic Affairs on June 9, 2020 No. 10901095090.

Note 28: The capital increase was approved by Ministry of Economic Affairs on Nov. 17, 2020 No. 10901204940.

Note 29: The capital increase was approved by Ministry of Economic Affairs on March. 9, 2021 No. 11001036530.

Note 30: The capital increase was approved by Ministry of Economic Affairs on July. 14, 2021 No. 11001117870.

Note 31: The capital increase was approved by Ministry of Economic Affairs on October. 1, 2021 No. 11001170820.

Note 32: The capital increase was approved by Ministry of Economic Affairs on December. 30, 2021 No. 11001222170.

Unit: thousand shares

Type of Stock	Approved Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common stock	60,621	39,379	100,000	

(2) Shareholder Structure

April 24, 2022

Shareholder Structure	Government Agencies	Financial Institutions	Other Judicial Persons	Foreign Institutions and Foreign Persons	Domestic Natural Persons	Treasury Stock	Total
Number	0	2	22	25	2,780	0	2,829
Shareholding	0	1,463,000	11,509,642	13,208,480	34,439,672	0	60,620,794
%	0.00%	2.41%	18.99%	21.79%	56.81%	0	100.00%

(4) Diffusion of Ownership

April 24, 2022

Shareholding Tiers	No. of Shareholders	Shareholding	%
1-999	540	87,883	0.14%
1,000-5,000	1,684	3,176,929	5.24%
5,001-10,000	210	1,642,013	2.71%

10,001-15,000	95	1,238,349	2.04%
15,001-20,000	51	930,046	1.53%
20,001-30,000	60	1,531,919	2.53%
30,001-40,000	32	1,103,206	1.82%
40,001-50,000	19	864,927	1.43%
50,001-100,000	50	3,551,220	5.86%
100,001-200,000	47	6,250,864	10.31%
200,001-400,000	25	6,599,637	10.89%
400,001-600,000	4	1,895,069	3.13%
600,001-800,000	2	1,353,617	2.23%
800,001-1,000,000	2	1,818,657	3.00%
Over 1,000,001	8	28,576,458	47.14%
Total	2,829	60,620,794	100.00%

Note: Face value of NT$10 per share.

(4) Major Shareholders

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

April 24, 2022; Unit: Share

Shares / Name of Major Shareholders	Shareholding	%
Tonghua Dongbao Pharmaceutical Co., Ltd. Representative: Leng Chun-Sheng	12,000,000	19.80%
Hua Eng Wire & Cable Co., Ltd Representative:Liu,Tsung-Jen	7,807,900	12.88%
Huang,Chun-Mu	2,474,492	4.08%
Yen-Pen Investment Co.,Ltd. Representative：Chang,Mei-Ling	1,500,000	2.47%
Cathy Life Insurance Representative: Huang Tiao-Gui	1,461,000	2.41%
Huang Shiu-Chin	1,124,869	1.86%
Tseng,Chin-Cheng	1,120,380	1.85%
Su Chin-Pin	1,087,817	1.79%
Tseng,chin-cheng	931,000	1.54%
Chiang,Tai-Hsiung	887,657	1.46%

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

Unit: NT$; thousand shares

Year / Item			2020	2021	Current year to March 31, 2022 (Note 8)
Market Price per Share (Note 1)	Highest		93.4	87.8	76.4
	Lowest		51.0	62.2	67.0
	Average		75.0	71.6	70.8
Net Worth per Share (Note 2)	Before Adjustment		34.45	34.16	32.56
	After Adjustment		-	-	-
Earnings per Share	Weighted Average Shares		59,176	60,078	60,289
	Earnings per Share (Note 3)		1.06	1.45	0.23
Dividend per Share	Cash Dividends	Before Adjustment	2.00	2.00	-
		After Adjustment	2.06	(Note9)	-
	Stock Dividends	Earnings per Share	-	-	-

<table>
<tr><td></td><td></td><td>Stock Dividends Appropriated from Capital Surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td></td><td colspan="2">Accumulated Undistributed Dividends (Note4)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Investment Return Analysis</td><td colspan="2">Price / Earnings Ratio (Note 5)</td><td>70.75</td><td>49.41</td><td>-</td></tr>
<tr><td colspan="2">Price / Dividend Ratio (Note 6)</td><td>37.5</td><td>35.82</td><td>-</td></tr>
<tr><td colspan="2">Cash Dividend Yield Rate (Note 7)</td><td>0.027</td><td>0.028</td><td>-</td></tr>
</table>

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

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

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

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

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

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

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

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

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

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

(6) Dividend Policy and Implementation Status

(a)Dividend Policy:

The Company's dividend policy is based on current and future investment environment, capital needs, capital budget and changes in internal and external environment, as well as taking into account the interests of shareholders, balanced dividends and the long-term plans of the Company. The Company is in technology industry which is at growing stage; therefore, the Company's dividend policy is based on the principle of issuing cash dividends. The cash dividends distributed shall not be less than 50% of the total shareholder dividend of the year. The actual ratio of distribution shall be determined by the board of director based on the Company's funding status and capital budget.

(b)Implementation Status

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

The Company's surplus of 2021 was issued by the board of directors on March 22, 2022.

The types and amounts of dividends were: (a) The cash dividends of shareholders were distributed by surplus and NT$1.25 was distributed per thousand shares, the total of NT$75,752,743 was distributed.

(c)The cash dividend for shareholders is distributed by capital reserve. A total of NT$45,451,646 is distributed based on the rate NT$0.75 /1,000 shares.

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

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

(8) Compensation of employees, directors, and supervisors

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

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

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

(i). Employee compensation of 12.32%

(ii)Directors and Supervisor compensation of 2.99%

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

On March 22, 2022, the board of directors of the Company approved to issue a compensation of NT$10,000,000 for employees and NT$2,430,000 for directors.

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

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

(9) In accordance with the provisions of Article 28-2 "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies". The implementation of the Company's share repurchase is as follows: None.

2. Corporate Bonds: None.

3. Preferred Shares: None.

4. Global Depository Receipts (GDR): None.

5. Employee Stock Warrants:

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

March 31, 2022

Types of Employ Stock Option Certificates (Note 2)	2019 Employ Stock Option Certificates
Date of Effective Registration from the Competent Authority	8/12/2019
Issuing (handling) Date (Note 4)	11/05/2019

Numbers of Units Issued	2,930,000
Ratio of Subscribable Shares to Total Issued Shares	4.92%
Subscription Period	10years
Exercise Method (Note 3)	By issuing new shares
Period and Ratio in which Subscription is Restricted (%)	Maturity of 2 years: 20% Maturity of 3 years: 20% Maturity of 4 years: 20% Maturity of 5 years: 20% Maturity of 6 years: 20%
Number of Shares that have been Obtained through Exercise of Subscription Rights	166,400
NT$ Amount of the Shares Subscribed	9,434,880
Number of Shares that have not been Subscribed	2,113,800
Subscription Price per Share of the Unsubscribed Shares	NTD56.7
Ratio of the Number of Unsubscribed Shares to Total Issued Share	3.49%
Effect on Shareholders' Equity	Little impact on the dilution of the original common stockholders' equity

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

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

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

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

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

(2)Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the date of publication of the annual report:

April 26. 2022

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title (Note 1)</th><th rowspan="2">Name</th><th rowspan="2">Number of Shares Subscribed</th><th rowspan="2">Ratio of Total Issued Shares to Number of Shares Subscribed (Note4)</th><th colspan="4">Subscribed (Note2)</th><th colspan="4">Unsubscribed (Note 2)</th></tr>
<tr><th>Number of Shares Subscribed</th><th>Price of Shares Subscribed (Note 5)</th><th>Amount of Shares Subscribed</th><th>Ratio of Total Issued Shares to Number of Shares Subscribed (Note4)</th><th>Number of Shares Subscribed</th><th>Price of Shares Subscribed (Note 5)</th><th>Amount of Shares Subscribed</th><th>Ratio of Total Issued Shares to Number of Shares Subscribed (Note4)</th></tr>
<tr><td rowspan="7">Managerial Officers</td><td>CEO</td><td>Huang,Chun-Mu</td><td rowspan="7">638,400</td><td rowspan="7">1.05%</td><td rowspan="7">559,200</td><td rowspan="7">47.7
49.4
46.4
48
46.6
56.7
(Note5)</td><td rowspan="7">27,023,340</td><td rowspan="7">0.92%</td><td rowspan="7">79,200</td><td rowspan="7">56.7</td><td rowspan="7">4,456,620</td><td rowspan="7">0.13%</td></tr>
<tr><td rowspan="4">Associate manager</td><td>Hsu,Yu-Jen</td></tr>
<tr><td>Chen Bi-Hsuan</td></tr>
<tr><td>Chen Chieh-Shing</td></tr>
<tr><td>Yeh Zhi-Long</td></tr>
<tr><td>Finance Manager</td><td>Chen, Hui-Zhen</td></tr>
<tr><td>Accounting Manager</td><td>Chen, Ya-Wen</td></tr>
<tr><td rowspan="8">Employee (Note 3)</td><td rowspan="8">Employees</td><td>Chang Heng-Jia</td><td rowspan="8">463,000</td><td rowspan="8">0.76%</td><td rowspan="8">401,200</td><td rowspan="8">47.7
49.4
46.4
48
46.6
56.7
(Note5)</td><td rowspan="8">19,257,140</td><td rowspan="8">0.66%</td><td rowspan="8">61,800</td><td rowspan="8">56.7</td><td rowspan="8">3,504,060</td><td rowspan="8">0.10%</td></tr>
<tr><td>Liu Ting-Hao</td></tr>
<tr><td>Lai,Xuan-Yin</td></tr>
<tr><td>Huang Wei-Fang</td></tr>
<tr><td>Lin,Shih-lung</td></tr>
<tr><td>Huang,Li-Gang</td></tr>
<tr><td>CHEN,CHI-HAO</td></tr>
<tr><td>LU,CHENG-WEI</td></tr>
</table>

		CHANG,KUAN-LIN										
		Tseng,Jen-Yu										

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

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

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

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

Note 5: The employee stock warrants that have been subscribed shall disclose the price at the time of the subscription. The subscription price of the employee stock options issued by the company in 2017 was NT$47.7, and the subscription price of the employee stock options issued in 2018 was NT$49.4. From August 1, 2020, due to the ex-dividend adjustment of the subscription price, the subscription price per share has been adjusted to NT$46.4 and NT$48.0. From August 2, 2021, due to the ex-dividend adjustment of the subscription price, the subscription price per share has been adjusted to NT$46.6. The subscription price of the employee stock options issued by the company in 2019 was NT$ 56.7.

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

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

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of other Companies' Shares

8. Financing Plans and Implementation:

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

V. Operational Highlights

1. Business Activities

(1) Scopes of the business

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

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

i. F108031 Wholesale of Medical Devices (limited to the Standard Industrial Classification of the Republic of China 4565 Wholesale of Watches and Glasses, 4571 Wholesale of Pharmaceutical and Medical Goods and 4649 Wholesale of Other Machinery and Equipment).

ii. IG01010 Biotechnology Services (limited to the Standard Industrial Classification of the Republic of China 7210 Research and Experimental Development on Natural Sciences and Engineering).

iii. F113030 Wholesale of Precision Instruments (limited to the Standard Industrial Classification of the Republic of China 4564 Wholesale of Household-type Photographic and Optical Goods, and 4649 Wholesale of Other Machinery and Equipment).

iv. CF01011 Manufacture of Medical Instruments (limited to the Standard Industrial Classification of the Republic of China 2760 Manufacture of Irradiation and Electromedical Equipment, 3321 Manufacture of Eyeglasses and 3329 Manufacture of Other Medical Instruments and Supplies).

v. CC01101 Restrained Telecom Radio Frequency Equipment and Materials (limited to the Standard Industrial Classification of the Republic of China 2721 Manufacture of Telephones and Cellular Phones, 2729 Manufacture of Other Communication Equipment, 2751 Manufacture of Measuring, Navigating and Control Equipment and 2760 Manufacture of Irradiation and Electromedical Equipment).

vi. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import (limited to the Standard Industrial Classification of the Republic of China 4642 Wholesale of Electronic Equipment and Parts).

vii. F399040 Retail business without a store (limited to the Republic of China’s Industry Standard Classifications 4871 e-shopping and mail order industries, and other unclassified retailing without a store 4879; except for pharmacies, drug stores, chemist stores, or live animal retails)

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

Unit: NT$ Thousand

Item	2021	
	Amount	Percentage
Blood glucose meter	274,142	14.82%
Blood glucose test strips	1,526,908	82.54%
Others	48,874	2.64%
Total	1,849,924	100.00%

(c). Existing main products (services)

Blood glucose meter.

Blood glucose test strips.

(d). New products (services) development projects

Continuous blood glucose monitoring system (CGM), blood glucose and blood ketone tester (POCT II), uric acid test piece, cholesterol test piece.

(2) Industry Overview

(a). Current status and development of industry

According to the research report on the medical materials market by Fortune Business Insight[1], the market size of global medical equipment will reach US$432.2 billion in 2020, and it is expected to reach US$455.3 billion in 2021. It is expected to grow at a compound annual growth rate (CARD) of 5.4% from 2021 to 2028, reaching US$658 billion by 2028. It shows that the demand for medical devices continues to increase and is gradually recovering from the pandemic. The "Digital Health Industry Development Key Trend Forum" jointly organized by PwC Taiwan and Taiwan Digital Health Industry Development Association also mentioned that the rapid expansion of the global medical devices market in recent years is due to the impact of the zero-contact economy and long-distance services initiated by the pandemic. Consumers awareness and requirements for health management of medical materials are rising, and the government and medical institutions are preparing to the digital transformation. Due to the application of new technologies such as the Internet of Medical Things (IoMT) cloud technology and computer intelligence digitalization, the global medical devices market is facing the transformation and growth.

[1] Fortune Business Insight (2021/09), “Medical Devices Market Size, Share &COVID-19 Impact Analysis, By Type; BY End-user, and Regional Forecast, 2021-2028” Retrieved from https://www.fortunebusinessinsights.com/industry-reports/medical-devices-market-100085

According to the information of the International Diabetes Federation (IDF)[2] in 2021, diabetes will become the seventh leading cause of death in the world in 2030, and it is estimated that 700 million people will suffer from diabetes in 2045; the report also shows that the cost of diabetes treatment in various countries has grown from US$232 billion in 2007 to US$966 billion in 2021 and is expected to reach US$1.05 trillion in 2045. People's demand for diabetes care is increasing day by day.

Diagnosing diabetes early on and monitoring it effectively during diabetes care can slow the onset of subsequent complications. In recent years, continuous blood glucose monitoring (CGM) products as diagnostic aids have received high attention internationally. Statistics from IDF in 2021 also show that in developing countries such as Central and South America, the Middle East, Africa, and Southeast Asia, although the population suffering from diabetes accounts for about 40.8% of the world's total, medical expenses only account for 12.5% of the world's total, mainly due to the poor allocation of medical resources. If we can provide products with relatively competitive prices in the market, it will help us enter the developing country market and become a competitive advantage for manufacturers.

(b). Current status and development of the domestic medical devices market

1). Current status and development

The estimation from the National Development Council[3], we will enter a super-aged society by 2025, with 20% of the population over 65 years old, and nearly 40% of the population over 65 years old by 2060. In an ageing society, how to allocate medical resources has received increasing attention. It is expected that the medical device industry will develop towards the precise medical care and preventive medicine. It will make effective medical judgments based on different patient situations, and also combine with the individualized big data into health management. It analyzes and traces massive data for effective judgement, and non-essential medical expenses can be reduced to achieve the goals of early diagnosis and preventive medicine.

2). Industrial characteristics of products

[2] The relevant data in this paragraph are from IDF Diabetes Atlas 2021, 10th edition, p50, p57

[3] The data is extracted from the National Development Council, Population Estimation Inquiry System - Common Information Inquiry, the extraction date is 2022/05/05, data source: https://pop-proj.ndc.gov.tw

The industry relevance of upstream, midstream and downstream of the Company is due to the fact that the biotechnology industry covered extensive industries, and there are quite a few types of manufacturers involved in its upstream raw materials. Basically, the supply of upstream raw materials can be divided into two categories: (1) reagents and (2) consumables and components, while the downstream industries include domestic and foreign medical device importers and exporters, and distribution channels like medical device lines, medical institutions, distributors, pharmacy chains and warehouses. The purity and quality specifications of biochemical materials are subjected to stringent requirements in order to control the quality of the final product. Therefore, if the model of outsourcing materials is adopted, the long-term cooperation an partnership are usually established in the form of contractual services once the upstream and downstream cooperation is successfully achieved, and continuous mentorship on the quality control of its production is provided to ensure the quality and quantity of its supply are in line with expectations. Also, the blood glucose meter and blood glucose test strips of the Company are own brand products. The Company develops its own downstream sales channels to enable more flexible and closer cooperation between the midstream and downstream companies

3). Development trends of products

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

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

A. The blood is drawn using a lancing device, only a small drop of blood is required, almost painless.

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

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

4). Competitive landscape

In the early period, the competition in the blood glucose monitoring market was divided by four major manufacturers to form an oligopoly trend. Due to United States' Healthcare reform and European insurance subsidies and other policies, a price-competitive market has been formed since 2013, which indirectly reduces product profits when costs are not easily reduced. With the continuous tightening of blood glucose testing accuracy standards, manufacturers must consider both cost control and product quality. Many global medical equipment manufacturers continue to invest in R&D and production, gradually making the market become more and more competitive.

By understanding the business roadmap of international manufacturers and the practices of international manufacturers' M&A strategies, focusing on development is the key to limited resources and efficient solutions. Moreover, the smart healthcare with the continuous optimization of the care environment, the wireless medical appliances, the development of the Internet of Things, the combination of cloud computing and big data, Bionime has committed to pursue innovation, although at present, it only accounted for about 1% of the global market share. However, with the continuous launching of new products, it will accelerate the expansion of the Company.

3. Technology and R&D Overview

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

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

For the blood glucose test strip, the R&D team of Bionime has designed its own production technology which is fully automatic machinery equipment for test strip in addition to the unique embedded precious metal electrode sensor test strip, and used the computer to detect precious metal electrodes to enhance the accuracy of the test strip, and achieve the effects of time-saving and increase productivity. Along with the precious metal electrode material of the test strip, Bionime has the capability of self-design blood glucose meter, which added unique auxiliary functions that give better convenience to the users. Moreover, the products of Bionime have received favorable reviews from Science Citation Index (SCI) and journals of international seminar, which showed that Bionime has competitive edges. In addition, its measurement accuracy and long-term stability, published in international journals in relevant clinical performance have been well-acclaimed by international research scholars, it has established a certain status in the blood glucose meter and test strip industry.

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

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

Unit: People

Year / Academic qualifications	2019	2020	2021
Ph. D.	6	6	5
Master	66	60	58
University	76	79	73
College	6	3	5
General and vocational high school	6	6	5
Total	160	154	146

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

Unit: NT$ Thousand

Year	2017	2018	2019	2020	2021
R&D Expense	159,960	201,186	255,121	247,875	187,860
Operating revenue	1,820,267	2,007,222	2,172,926	1,668,586	1,849,924
Percentage of operating revenue for the fiscal year (%)	8.79	10.02	11.74	14.86	10.16

4). Technology or product development accomplishments

Year of patent application	Technology or product development accomplishments
Sep-2016	The “One of the Analyte Measurement Modules” acquired the China Invention Patent (ZL201610820006.2) in 2021
Sep-2016	The “One of the Analyte Measurement Modules” acquired the China Invention Patent (ZL201610820006.2) in 2021
Sep-2017	The “One of the Analyte Measurement Modules” acquired the EU Invention Patent (EP3293519) in 2021
Jan-2018	The “Physiological Parameter Monitoring System” acquired the US Invention Patent (US10925547) in 2021
Jan-2018	The “Method for dynamic analyzing blood sugar level, system thereof and computer program product” acquired the US Invention Patent (US10925522) in 2021
Dec-2019	The “Graphical User Interface of Display Screen” acquired the Japan Design Patent (1689373) in 2021
Dec-2019	The “Medical device charger” acquired the South Korea Design Patent (30-1091230) in 2021
Mar-2019	The "Data transmission method and system between sensor and electronic device" acquired the Taiwan Invention Patent (I728333) in 2021
Jun-2019	The " Medical Device Implants" acquired the Taiwan Design Patent (D202156) in 2021
Jul-2019	The “Graphical User Interface of Display Screen” acquired the Taiwan Design Patent (D210135) in 2021
Aug-2019	The “Graphical User Interface of Display Screen” acquired Taiwan Design Patent (D211214) in 2021
Jan-2020	The “Physiological Signal Sensing Device” acquired Taiwan Invention Patent (I735138) in 2021
Jan-2020	The “Physiological Signal Sensing Device” acquired Taiwan Invention Patent (I737123) in 2021
Jan-2020	The “Physiological Signal Sensing Device” acquired Taiwan Invention Patent (I731545) in 2021
Jan-2020	The “Physiological Signal Sensing Device” acquired Taiwan Invention Patent (I735137) in 2021

Year of patent application	Technology or product development accomplishments
Jan-2020	The “Physiological Signal Sensing Device” acquired Taiwan Invention Patent (I737224) in 2021
Jan-2020	The “Biosensing implant device, its implantation needle unit and implantation method” acquired Taiwan Invention Patent (I723733) in 2021
Jan-2020	The “Biosensing implant device, its implantation needle unit and implantation method” acquired Taiwan Invention Patent (I723732) in 2021
Jan-2020	The “Biosensing implant device, its implantation needle unit and implantation method” acquired Taiwan Invention Patent (I737122) in 2021
Jan-2020	The “Biosensing implant device, its implantation needle unit and implantation method” acquired Taiwan Invention Patent (I723731) in 2021
Jan-2020	The “Biosensing implant device, its implantation needle unit and implantation method” acquired Taiwan Invention Patent (I729670) in 2021
Jan-2020	The “A container for carrying a sensor and a container operation method thereof” acquired Taiwan Invention Patent (I747410) in 2021
Jan-2020	The "Physiological Signal Sensing Device" acquired the China New Patent (ZL202020055700.1) in 2021
Feb-2020	The “Graphical User Interface of Display Screen” acquired the Japan Design Patent (1688172) in 2021
Mar-2020	The "Data transmission method and system between sensor and electronic device" acquired the Japan Invention Patent (6934973) in 2021
Mar-2020	The "Physiological Signal Sensing Device" acquired the Taiwan Invention Patent (I732494) in 2021
Mar-2020	The "Physiological Signal Sensing Device" acquired the Taiwan Invention Patent (I737223) in 2021
Mar-2020	The "Physiological Signal Sensing Device with Electrostatic Discharge Protection" acquired the Taiwan Invention Patent (I737244) in 2021
Mar-2020	The "Physiological Signal Sensing Device with Electrostatic Discharge Protection" acquired the Australia Invention Patent (2020213274) in 2021
Mar-2020	The "Patch, patch system and patch usage method" acquired the Taiwan Invention Patent (I733371) in 2021
Apr-2020	The "Part of Physiological Signal Monitoring Device" acquired the Taiwan Design Patent (D210402) in 2021
Apr-2020	The "Part of Physiological Signal Monitoring Device" acquired the US Design Patent (D937422) in 2021
May -2020	The "Physiological Signal Monitoring Device" acquired the US Design Patent (D931468) in 2021

Year of patent application	Technology or product development accomplishments
May -2020	The "Physiological Signal Monitoring Device" acquired the EU Design Patent (007951231) in 2021
May -2020	The "Physiological Signal Monitoring Device" acquired the South Korea Design Patent (30-1130463) in 2021
May-2020	The "Physiological Signal Monitoring Device" acquired the China Design Patent (ZL202030221938.2) in 2021
May-2020	The "Part of Physiological Signal Monitoring Device" acquired the Japan Design Patent (1677458) in 2021
Jul-2020	The "Physiological Signal Monitoring Device" acquired the China New Patent (ZL202021553940.0) in 2021
Jul-2020	The "Physiological Signal Monitoring Device" acquired the Germany New Patent (DE202020104460U) in 2021
Jul-2020	The "Manufacturing method of implantable micro biosensor" acquired the Taiwan Invention Patent (I733304) in 2021
Aug-2020	The "Physiological Signal Sensing Device" acquired the Japanese Invention Patent (6935555) in 2021
Aug-2020	The "Physiological Signal Sensing Device" acquired the Australian Invention Patent (2020213273) in 2021
Aug-2020	The "Physiological Signal Sensing Device" acquired the Japanese Invention Patent (6963660) in 2021
Aug-2020	The "Physiological Signal Sensing Device" acquired the Australian Invention Patent (2020213271) in 2021
Aug-2020	The "Physiological Signal Sensing Device" acquired the Taiwan Invention Patent (I745010) in 2021
Aug-2020	The "micro biosensor and its measurement method" acquired the Taiwan Invention Patent (I736383) in 2021
Aug-2021	The "Physiological Signal Sensing Device" acquired the Taiwan Invention Patent (I745010) in 2021

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

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

i. Marketing strategies

1). Re-allocate marketing resources, focus on supporting key markets, flexibly adjust business strategies, and develop new markets and new customers.

2) Deploy CGM brand related marketing and promotion activities.

ii. Research and development (R&D) aspect

1). Introduce the home ketone test strips.

2). Develop new models with high specifications and low cost. Upgrade the new generation of POCT hospital glucose testers.

3). Develop continuous glucose monitor (CGM) and put it into mass production.

4). Continuously apply for various R & D patents, protect intellectual property rights, and publish R & D achievements in well-known academic journals at home and abroad

iii. Production aspect

1). Introduce automation equipment and MES system to save costs and increase production efficiency.

2). Maintain close partnership with domestic and foreign suppliers to ensure product delivery.

3). Strictly implement the quality policy of designing and manufacturing world-class quality and high accuracy glucose testers and strips at low cost to achieve the quality goal of 99.9% product yield.

4). Actively adopt advanced manufacturing process, expand R&D for highly accurate biotechnology detecting instruments, and expand market share with its technology and cost advantages.

iv. Operational and financial aspects

1). Introduce KPI and OKR management systems, clearly define the objectives and more active long-term development goals of each department. Through organizational cooperation and competition, it further enhances the overall execution of the Company and strengthens the operating efficiency and effectiveness.

2). Increase capital by cash at the appropriate time and make proper use of financial leverage to issue bonds or apply for bank loans based on the capital requirements of the Company's business development and R&D technology improvement without affecting the profitability.

(b). Long-term business development plans

(i). Sales and marketing aspects

1). Establish the Rightest's brand image and develop a remote glucose monitoring and caring platform. Use Internet technology to transform into a data enterprise.

2). Flexibly expand ODM customers, enhance their brand awareness and establish market protection mechanisms.

3). Develop e-commerce sales business, and test e-commerce models in Taiwan, Mainland China, Singapore and other places.

(ii). R&D aspect

1). Develop the next-generation of home ketone, uric acid, cholesterol test strips and expand the complete product lines.

2). Actively nurture R&D talents, establish a strong R&D team, and knowledge building and transmission of experience to enhance the efficiency and performance of R&D.

(iii). Production aspect:

1) Establish a lean supply chain and operating procedures in response to the changes in the medium and long-term market structure and corporate strategy.

2) More than 90% of the production line is automated to improve efficiency, product quality and profit.

(iv). Operational and financial aspects:

1) Actively develop globally, develop international talents, and continue to expand the scale of operations to become a world-class company.

2) Acquire stable and low-cost global cost of capital as a capital support of the Company's rapid expansion of business scale to reduce operating costs and reduce operating risks.

2. Market and Sales Overview

(1) Market analysis

A. Sales regions of main products

Unit: NT$ Thousand

Year / Region	2020		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Europe	541,335	32	622,309	33
Asia	449,314	27	663,475	36
America	182,050	11	200,567	11
Others	495,887	30	363,573	20
Total	1,668,586	100	1,849,924	100

B. Product market share

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

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

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

Due to medical measurement is a cross-disciplinary and integration of inter-industry, the accuracy and stability of products have certain technical bottlenecks. It is coupled with the characteristics of medical equipment industry are greatly affected by the government policies of the place of sale. As it involved personal health and safety, hence, the product verification system requirements are very stringent. The Company has unique patented technologies that enable it can achieve home-based blood glucose test strips with laboratory grade by using low-cost structure and manufacturing processes. It not only avoids the hundreds of patent restrictions of the existing international manufacturers, but also jumped out of the technical framework of international manufacturers, and achieving competitive advantages of high accuracy, high stability, low cost and enhanced competitiveness. It is qualified to cooperate with the world's largest manufacturers or has the competitive edge to compete globally. In the future, the Company will actively engage in R&D with the concept of biotechnology industry rooted in Taiwan, integrate domestic upstream, midstream and downstream industries to complete the manufacturing processes from autonomous production of raw materials to the final biotechnology products, and enhance the technical level of Taiwan's biotechnology industry. It also adopts the coexistence strategy of own brand and ODM, and actively expands the markets of emerging countries such as Southeast Asia, Mainland and Central and South America to increase the product market share

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

D. Competitive Niches

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

The Company has mastered the whole process of technology from R&D to production. The structure and shape of the test strip are different from the existing commercial products. The product has the advantage of product differentiation of nanometer-grade precious metal electrodes, and the developed products have been patented. In addition, the rapid development of new products of the Company, and continuous improvement on quality, yield, manufacturing processes, cost, and active supply chain integration to enhance the technology of the third-party manufacturers.

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

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

In order to allow diabetic patients to get better disease management, assisting medical institutions in introducing "digital solutions" will be an important trend for medical care in the future. Bionime takes the lead in developing an overall glucose care management ecosystem. With an IoT platform and a connected glucose monitoring instrument, Bionime has built an innovative model of overall glucose management in and out of hospitals in many countries. Faced with the requirements for product interconnection under the global digital transformation trend, this competitive niche is conducive to the promotion of Company's businesses further increases our market share.

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

(iv). Government incentives and promotion:

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

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

(v). High strength of global marketing

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

(vi). Higher living standards of people

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

(vii). American health care reform program

The United States passed the medical device rapid customs clearance program in 2018. For the related equipment with innovative treatments, it can be discussed in cooperation with the FDA during the development stage to achieve the advantage of rapid approval. This plan also received Medicare health insurance certification in January 2021, and the product can enjoy health insurance benefits for up to four years after being launched. The continuous implementation of this policy will help Taiwanese manufacturers gain the advantage of quick authorization in the development of new products, and the health insurance subsidy policy can also help manufacturers quickly enter the US market and communicate with consumers in the early stage.

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

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

(E) Development outlook - favorable and unfavorable factors

Item	Favorable factors	Unfavorable factors	Countermeasures
Production technology	The unique test strip production technology has been protected by patents.	Biotechnology belongs to the high-tech industry, and related production technologies are strictly protected by patents regulations. The competitors of the Company are all large foreign manufacturers, which investing considerable capital and	Training is provided to the relevant technical personnel to enhance product competition and responsiveness, and seek other alternative technologies for production, and develop higher quality products. And actively seek and train upstream and

		manpower for improvement and R&D in production technology. Therefore, the Company needs to conduct a comprehensive investigation or take an approach entirely different from them to develop its own production technology when developing new technologies to avoid patent infringement.	downstream suppliers in order to produce products that are better than the quality of international manufacturers at lower cost. It actively invests in product development and production of continuous glucose monitors, gaining a place in this market with high-tech requirements and highly explosive growth.
R & D capabilities	The company has been leading the world's advanced countries by using unique technology to develop products with outstanding performance in accuracy and precision.	There is a lack of communication in relevant domestic industry information, and the transfer of outsourcing technology is not smooth; the training environment for R&D personnel needs to be improved, resulting in a slower transmission of experience.	Keep abreast of the development of international technology information, actively participate in international exhibitions, understand global market trends and used them as a reference for R&D, and actively arrange training courses for R&D personnel to acquire the latest knowledge. And the Company continues to develop new products as its research and development goals every year to improve the morale of R&D personnel.
Marketing	The Company's products	The competitors are all	Actively participate in

capabilities	have been certified by the US FDA and the European Union CE, and have passed ISO13485 and Taiwan GMP certification, which is a valuable sales tool. Also, the Company is the first own brand biochemical sensor manufacturing company in Taiwan, BIONIME and Rightest successfully marketed worldwide.	international large manufacturers with abundant funds. They not only provide low-cost or free blood glucose meters in the market, but also cause industrial imbalances through mergers and acquisitions, which hinders the Company's sales in the market.	international exhibitions and journal publication to establish brand image awareness and enhance product credibility through regional and professional marketing. Provide marketing tools to regional distributors and build a complete distribution network to establish a closer "partnership" relationship with distributors.
Raw material supply	The main raw material of the Company's products is the plastic substrate of the test strip. The plastic substrate manufacturer and the Company has signed a contract, and the Company has maintained a long-term partnership with the supplier. 95% of the core raw materials are supplied by domestic manufacturers, and all of them have more than 2-3 suppliers as substitutable, therefore the satellite system in the supply chain is in a stable state.	The biotechnology industry is an emerging industry of two trillion and twin star in Taiwan. At present, the entire industry development is only in its infancy stage, and the satellite system has not yet been completed. Suppliers are not yet aware of the quality specifications of the biotechnology industry, but the quality requirements of the biotechnology industry have reached the nanometer specifications. General suppliers need a longer period of time to gear in, and learn from each other, and Bionime is	1. The core materials are self-made by the Company's production line. 2. Establish a professional supplier coaching team, and seek suppliers with the capabilities to manufacture high quality materials 3. The supplier coaching team actively invested in engineering resources to cultivate the concept of one of the Company's production lines, strengthen the guidance of existing

		responsible to coach the suppliers in order to lead its supply chain system into a highly competitive market.	suppliers, improve their manufacturing process capability and management capabilities, and bring greater opportunities for the Company to create a win-win situation.
Regulatory standards	The blood glucose test strips of GM101 and GM300 of Bionime were evaluated in 2009 by the IDT, Germany diabetes authoritative organization for the evaluation of 27 blood glucose test strips. If the result of the evaluation is changed to the range of ±15% of the error, it still conforms to the ISO 15197 specification, hence, its quality is well-recognized. At the same time, the IoT platform conforms to ISO 27001, HIPAA, and GDPR specifications, and is certified by TFDA and CE. It is recognized in the IoT medical device, personal privacy and information security.	As the quality of medical device is critical to human safety, governments have established strict regulations to manage them. Medical device manufacturers need to pass production quality certification or clinical trials in order to obtain relevant quality certifications in each country prior to the product selling. At present, the specification of blood glucose testing according to ISO 15197 will change the error range of current blood glucose test results above 75 mg/dL (inclusive) from ±20% to ±15%, which will improve the accuracy of blood glucose testing.	In the production process of its blood glucose meters and test strips, Bionime adopts high-standard manufacturing processes, quality control and stable accuracy requirements to meet the product requirements of medical device worldwide. And it continues to invest in R&D of product improvement to continuously improve its precision, accuracy and stability.
Foreign exchange risk	The financial situation of Bionime is healthy, the cash	The dependence on export is high, and it is vulnerable	Continue to strengthen the concept of currency

	position on the account is sufficient, and it has good relationship with financial institutions such as banks, etc., and there are sufficient resources to hedge the exchange rates. In the past, due to the Euro- and US dollar-denominated sales are equivalent, which imposed a natural hedging effect. However, in recent years, the international exchange market is dynamic, the Company has begun to adopt the asset and liability hedging methods by this year, and continued to review in response to fluctuations in the international exchange market.	to exchange rate fluctuations and thereby affecting the level of profitability.	hedging of financial personnel, and strengthen the interaction with financial institutions in order to assess the trend of changes in exchange rates, and used as a reference for hedging. At the same time, try to pay the purchase expenses in the same currency with the sales revenues in order to achieve natural hedging effect. In addition, the Company also will consider the future exchange rate trend before provide quotation for new orders.

(2) Important use and production process of main products

(a). Important use of main products

Name of product	Important uses and functions
Blood glucose meter	The main function of the Company's blood glucose meter is to measure the glucose concentration in the blood (referred to as blood glucose concentration) of users quickly and accurately. It provides a complete information to the users and the medical personnel, and further control the blood glucose changes in the body by measuring the level of blood glucose.
Blood glucose test strips	In addition to the blood glucose meter, it needs to pair with the blood glucose test strip in order it can measure the blood glucose concentration normally and correctly. Blood glucose test strip looks like a thin piece, and usually has an enzyme in

	biochemical sensor, such as glucose oxidase (GOD) in the blood area. This type of enzyme substance plays an important role in the blood glucose test strip by generating a specific biochemical reaction with blood glucose, and further generating a current that can be measured by the blood glucose meter, and thereby converting to the concentration value that can be interpreted by user.

(b). Production process

(i)Blood glucose meter

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

1)PCBA processing process

Includes IC version processing and LCD screen processing.

2)Pre-assembly process

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

3)Functional verification

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

4)Final-assembly process

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

(ii) Blood glucose test strips

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

1) Manufacturing process of overlay

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

2) Manufacturing process of precious metal electrodes

Includes exterior stamping and surface treatment.

3) Manufacturing process of plastic film

Includes exterior stamping and plastic injection.

4) Test piece assembly production process

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

5) Test piece stability quality control

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

(iii) Supply situation of main raw materials

Name of raw material	Supplier	Supply situation
Gold salt	Company F	Good

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

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

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

Unit: NT$ Thousand

	2020				2021				Current fiscal year up to previous quarter (Note 2)			
Item	Name	Amount	Percentage of annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of current fiscal year up to previous quarter (%)	Relationship with the issuer
	Company F	49,560	8.4	-	Company F	58,840	8.7	-	Company F	11,779	7.6	-
	Others	541,165	91.6	-	Others	615,194	91.3	-	Others	143,447	92.4	
	Net purchase	590,725	100	-	Net purchase	674,034	100	-	Net purchase	155,226	100	-

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

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

Note: Company F mainly supplies gold salts for test strip electrodes. Because the test strips are the main products sold by the company, Company F is the main supplier of the company's purchases.

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

Unit: NT$ Thousand

	2019				2020				Current fiscal year up to previous quarter (Note 2)			
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales of current fiscal year up to previous quarter (%)	Relationship with the issuer
1	Company E	251,467	15.07	-	Company Y	234,484	12.68	-	Company E	96,972	20.39	-
2	Company Y	235,502	14.11	-	Company E	141,809	7.67	-	Company Y	32,047	6.74	-
3	Tung Pao	122,630	7.35	Director	Tung Pao	103,989	5.62	Director	-	-	-	-
	Others	1,058,987	63.47	-	Others	1,369,642	74.04		Others	346,627	72.87	-
	Net sales	1,668,586	100		Net sales	1,849,924	100		Net sales	475,646	100	-

Note 1: Details of customers accounted for more than 10% of total sales amount in the most recent two fiscal years, where the company is prohibited by contract from revealing the name of a customer, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.
Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be disclosed therewith.

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

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

Unit: Thousand groups; thousand pieces; NT$ thousand

Year Production volume Main product	2020			2021		
	Capacity	Output	Output value	Capacity	Output	Output value
Blood glucose meter kit	1,000	948	348,484	1,200	1,183	435,182
Blood glucose test strips	500,000	457,769	534,235	550,000	515,600	579,290
Total	501,000	458,717	882,719	551,200	516,783	1,014,472

The value of production increased slightly from the previous year as production returned to normal since the global Covid-19 outbreak has been ebbing.

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

Unit: Thousand groups; thousand pieces; NT$ thousand

Year Sales volume Main product	2020				2021			
	Domestic		Foreign		Domestic		Foreign	
	Output	Output value	Output	Output value	Output	Output value	Output	Output value
Blood glucose meter kit	40	11,830	813	192,549	42	10,115	1,118	264,027
Blood glucose test strips	20,336	125,065	440,344	1,276,424	21,484	140,186	456,689	1,386,722
Others	-	6,527	-	56,191	-	9,340	-	39,534
Total	-	143,422	-	1,525,164	-	159,641	-	1,690,283

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

Year		2020	2021	April 30, 2022
Number of Employee	R&D personnel	154	146	150
	Management and sales personnel	260	247	245
	Manufacturing personnel	653	681	657
	Total	1067	1074	1052
Average age		34.0	33.9	34.7
Average years of service		4.7	4.7	5.2
Academic distribution percentage	Ph. D.	0.66%	0.65%	0.57%
	Master	11.81%	11.54%	11.22%
	College	50.23%	50.79%	51.23%
	High School	35.14%	34.88%	34.60%
	Below high school	2.16%	2.14%	2.38%

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

4. Information on environmental protection expenditures

(1). According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made. Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

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

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

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

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

(4). The total amount of losses and penalties due to environmental pollution in the past two years and as of the date of publishing the Annual Report(including compensation and environmental protection audit results that violate environmental protection laws and regulations, it shall list the date of punishment, the code of the punishment, the violation provision of the laws and regulations, the content of the provisions, and the content of the punishment), actions to be taken in the future and the possible expenditures:

Year of occurrence: 2020

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

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

Year of occurrence: 2021

None

Year of occurrence: 2022

(a) Background: The Da-Wei factory of the company is engaged in the electroplating industry. The Environmental Protection Administration Central Branch Bureau of

Environmental Inspection (BEI) inspected on February 22, 2022, to check the Industrial Waste - sludge generated from waste water disposal in the electro-plating process (A-8801) the factory generated in 2021. The declared output in January, July and August 2021 were 2.328 metric tons, 1.9 metric tons, and 1.8 metric tons respectively, exceeding the maximum production volume (1.586 metric tons) published in the approved business waste disposal plan. Then received Zhongshi Huan Shui Zi No. 1110032091 on April 7, 2022, court order: 40-111-040002, found to have violated Article 31 of the Waste Disposal Act, Paragraph 1, Subparagraph 1 and was fined a total of NTD 60,000.

(b) Improvement procedures and countermeasures: In order to meet the requirements of the company's production capacity improvement, we apply to the administration to change the relevant pollution source flow charts such as the Da-Wei factory water pollution prevention and the plan of control measures and waste cleanup. We corrected the wastewater treatment sludge (A-8801) of its electroplating process to the maximum output of the production capacity to avoid the situation of exceeding the limit again.

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

5. Labor relations

(1). All employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

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

i. Labor insurance and National Health Insurance.

ii. Annual festival bonus, quarterly performance bonus.

iii. Employee stock ownership plan, Employee stock option certificates.

iv. Regularly organize employee travel and various cultural and recreational and festival activities.

v. Festival gift vouchers, wedding gifts, maternity gifts, condolence gifts, birthday celebrations and birthday vouchers.

vi. Employee overtime meal allowances.

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

i. New employee orientation: There will be an exclusive instructor guides the newcomers to familiarize the working environment, and also strengthen their recognition and understanding of the Company. In addition, all departments have planned new basic training related courses for newcomers to help them to learn work related knowledge.

ii. Professional training: The Company is committed to nurturing challenging chemical and electronic design talents, and encourages colleagues to participate in external professional training courses to enhance personal expertise and skills. In addition, all departments will regularly conduct various professional training courses to achieve the goals of knowledge sharing and improvement of job function.

iii. Management training: The Company arranges various management training program for each level of supervisors to establish their team's shared vision and operational consensus.

(c). Retirement system and its implementation status:

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

Pension system	Old system	New system
Applicable source of	Labor Standards Act	Labor Pension Act

law		
How to contribute	Appropriate 2% of the total monthly salary of the employees, and deposit in the special account of Bank of Taiwan (formerly the Central Trust Bureau) in the name of the company	According to the employee's insurance level, 6% will be allocated to the individual account of the Labor Insurance Bureau
Contribution	Cumulative amount of labor retirement reserve NT$ 4,576 thousand	Contribution of NT$23,132 thousand in 2021

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

(i) The establishment of the Employees' Welfare Committee: In addition to improve employee benefits, it also acts as an important channel for colleagues to participate in the development of the Company's employee welfare policy. Since its establishment, colleagues have been willing to dedicate themselves to the full play of their functions, and create a win-win situation for both colleagues and the Company.

(ii) Regularly monthly meeting: As an important channel for the Company to make public announcement for various information, as well as an important channel for colleagues to express their opinions and two-way communication.

(iii) Mailbox for exchange of views: It is a complaint channel for colleagues which managed by dedicated personnel. It encourages colleagues to express various suggestions, which will be used as a reference for the continuous improvement of corporate policies.

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

measures being undertaken or to be taken:

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

6. Important contracts

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

VI. Financial Overview

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

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

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

Unit: NT$ Thousand

Item \ Year		Financial data for the most recent five financial years (Note 1)					Current fiscal year and up to March 31, 2022 Financial data (Note 3)
		2017	2018	2019	2020	2021	
Current assets		1,489,277	1,769,945	1,595,432	1,457,309	1,389,717	1,585,024
Property, plant and equipment (Note 2)		2,707,104	2,689,666	2,669,672	2,620,183	2,536,803	2,515,822
Intangible assets		11,759	8,550	49,503	205,774	342,114	372,899
Other assets (Note 2)		166,776	121,243	89,633	201,786	295,248	323,229
Total assets		4,374,916	4,589,404	4,404,240	4,485,052	4,563,882	4,796,974
Current liabilities	Before distribution	1,559,285	1,481,422	1,380,966	1,241,045	1,329,432	1,758,469
	After distribution	1,797,115	1,596,316	1,499,630	1,365,329	1,450,637	-
Non-current liabilities		738,029	1,114,874	976,429	1,173,224	1,158,373	1,057,583
Total liabilities	Before distribution	2,297,314	2,596,296	2,357,395	2,414,269	2,487,805	2,816,052
	After distribution	2,535,144	2,711,190	2,476,059	2,538,553	2,609,010	-
Equity attributable to the parent company		2,077,602	1,991,237	2,042,577	2,065,627	2,069,349	1,973,330
Capital stock		594,468	594,468	638,006	627,260	637,971	639,173
Capital reserves	Before distribution	1,532,096	1,314,899	1,337,126	1,402,306	1,362,223	1318735
	After distribution	1,294,266	1,314,899	1,308,053	1,329,600	1,316,771	-
Retained earnings	Before distribution	97,771	225,511	216,593	189,752	225,521	163,554
	After distribution	97,771	110,617	127,002	138,174	149,768	-
Other Equity		(8,592)	(5,500)	(11,007)	(15,550)	(18,225)	(9,991)
Treasury stock		(138,141)	(138,141)	(138,141)	(138,141)	(138,141)	(138,141)
Non-controlling interest		-	1,871	4,268	5,156	6,728	7,592

Equity Total	Before distribution	2,077,602	1,993,108	2,046,845	2,070,783	2,076,077	1,980,922
	After distribution	1,839,772	1,878,214	1,928,181	1,946,499	1,954,872	-

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

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

Note 3: The financial data for the first quarter of 2022 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

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

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

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

Unit: NT$ Thousand

Year / Item		Financial data for the most recent five financial years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,364,620	1,622,090	1,439,323	1,274,592	1,202,277
Property, plant and equipment (Note 2)		2,696,062	2,678,843	2,659,787	2,610,332	2,526,673
Intangible assets		11,759	8,223	49,273	205,569	341,958
Other assets (Note 2)		284,125	261,904	253,009	377,210	481,576
Total assets		4,356,566	4,571,060	4,401,392	4,467,703	4,552,484
Current liabilities	Before distribution	1,540,935	1,464,949	1,384,166	1,233,337	1,326,039
	After distribution	1,778,765	1,579,843	1,502,830	1,357,621	1,447,244
Non-current liabilities		738,029	1,114,874	974,649	1,168,739	1,157,096
Total liabilities	Before distribution	2,278,964	2,579,823	2,358,815	2,402,076	2,483,135
	After distribution	2,516,794	2,694,717	2,477,479	2,526,360	2,604,340
Equity attributable to the parent company		-	-	-	-	-
Capital stock		594,468	594,468	638,006	627,260	637,971
Capital reserves	Before distribution	1,532,096	1,314,899	1,337,126	1,402,306	1,362,223
	After distribution	1,294,266	1,314,899	1,308,053	1,329,600	1,316,771
Retained earnings	Before distribution	97,771	225,511	216,593	189,752	225,521
	After distribution	97,771	110,617	127,002	138,174	149,768
Other Equity		(8,592)	(5,500)	(11,007)	(15,550)	(18,225)
Treasury stock		-	(138,141)	(138,141)	(138,141)	(138,141)
Non-controlling interest		-	-	-	-	-
Equity Total	Before distribution	2,077,602	1,991,237	2,042,577	2,065,627	2,069,349
	After distribution	1,839,772	1,876,343	1,923,913	1,941,343	1,948,144

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

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

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

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

(c). Condensed consolidated income statement (This statement is prepared in consolidated financial statements) Unit: NT$ Thousand

Item \ Year	Financial data for the most recent five financial years (Note 1)					Current fiscal year up to March 31, 2022 Financial data (Note 2)
	2017	2018	2019	2020	2021	
Operating revenues	1,820,267	2,007,222	2,172,923	1,668,586	1,849,924	475,646
Gross profit	795,773	916,999	948,418	749,125	783,131	208,144
Operating income	249,071	240,551	156,271	21,121	75,294	12,256
Non-Operating revenues and expenditures	(59,615)	(78,588)	(21,704)	9,990	(709)	(4,302)
Net profit before tax	189,456	161,963	134,567	31,111	74,585	7,954
Net income from continuing operation	149,608	127,892	106,711	63,520	89,325	14,042
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss)	149,608	127,892	106,711	63,520	89,325	14,042
Other comprehensive income for the current period (net)	(9,154)	2,763	(5,828)	(4,425)	(3,081)	8,842
Total comprehensive income	140,454	130,655	100,883	59,095	86,244	22,884
Net income attributable to the parent company	149,608	128,032	106,258	62,434	87,413	13,786
Net income attributable to the non-controlling interest	-	(140)	453	1,086	1,912	256
Total comprehensive income attributable to the owner of the parent company	140,454	130,832	100,469	58,207	84,672	22,020
Total comprehensive income attributable to the non-controlling interest	-	(177)	414	888	1,572	864
Earnings per share	2.52	2.23	1.85	1.06	1.45	0.23

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

Note 2: The financial data for the first quarter of 2022 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

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

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

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

Unit: NT$ Thousand

Year / Item	Financial data for the most recent five financial years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	1,800,555	1,946,211	2,053,362	1,601,953	1,692,350
Gross profit	782,534	861,992	870,030	664,546	660,602
Operating income	294,674	206,593	125,709	(8,510)	60,898
Non-Operating revenues and expenditures	(106,169)	(54,728)	4,230	37,669	7,865
Net profit before tax	188,505	151,865	129,939	29,159	68,763
Net income from continuing operation	149,608	128,032	106,258	62,434	87,413
Loss from discontinued operations	-	-	-	-	-
Net profit (loss)	149,608	128,032	106,258	62,434	87,413
Other comprehensive income for the current period (net)	(9,154)	2,800	(5,789)	(4,227)	(2,741)
Total comprehensive income	140,454	130,832	100,469	58,207	84,672

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

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

Year	CPA	Name of accounting firm	Audit opinion
2017	Zi-Xin Zhang, Hai-Ning Huang	KPMG	Unqualified opinion
2018	Zi-Xin Zhang, Hai-Ning Huang	KPMG	Unqualified opinion
2019	Zi-Xin Zhang, Jun-Yuan Wu	KPMG	Unqualified opinion
2020	Zi-Xin Zhang, Jun-Yuan Wu	KPMG	Unqualified opinion
2021	Zi-Xin Zhang, Jun-Yuan Wu	KPMG	Unqualified opinion

2.Financial analyses for the most recent five fiscal years

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

Year (Note 1) / Analysis item		Financial analyses for the most recent five fiscal years					Current fiscal year up to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debts ratio	52.51	56.57	53.52	53.82	54.51	58.70
	Long-term funds to property, plant and equipment ratio	103.99	115.53	113.08	123.58	127.41	120.71
Solvency (%)	Current ratio	95.51	119.47	115.53	117.42	104.53	90.13
	Quick ratio	71.59	90.99	84.52	71.20	53.38	51.34
	Times interest earned	9.40	6.57	5.23	2.44	4.91	2.45
Operating capacity	Accounts receivable turnover ratio (times)	3.52	2.78	2.73	2.67	4.26	4.34
	Average collection days	103.69	131.29	133.69	136	85	84
	Inventory turnover ratio (times)	2.78	2.62	2.85	1.87	1.79	1.70
	Accounts payable turnover ratio (times)	6.14	7.08	7.85	6.20	7.13	6.80
	Days' sales in inventory	131.29	139.31	128.00	195	203	214
	Property, plant and equipment turnover ratio (times)	0.66	0.74	0.81	0.63	0.71	0.75
	Total assets turnover ratio (times)	0.40	0.44	0.48	0.37	0.40	0.40
Profitability Profitability	Return on total assets (%)	3.73	3.39	2.93	1.81	2.31	1.57
	Return on equity (%)	6.41	6.28	5.28	3.08	4.30	2.76
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	31.87	27.24	22.55	5.03	11.97	5.10
	Profit margin (%)	8.21	6.37	4.91	3.80	4.82	2.95
	Earnings per share (NT)	2.52	2.23	1.85	1.06	1.45	0.23
Cash flow	Cash flow ratio (%)	1.89	8.22	29.36	17.53	20.28	-4.48
	Cash flow adequacy ratio (%)	94.64	97.79	96.46	79.02	56.95	63.05
	Cash flow reinvestment ratio (%)	-5.92	-2.90	7.17	2.24	3.24	-1.82
Leverage	Degree of operating leverage	3.96	4.3	6.21	39.92	12.79	17.43
	Degree of financial leverage	1.10	1.13	1.25	-49	1.33	1.80

Analysis of significant changes in the financial ratio over the last two years. (Not required if the change does not exceed 20%): 1. Decrease in quick ratio: The quick ratio decreases due to a decrease in current assets. 2. Increase in interest coverage ratio: The increase in interest coverage ratio is mainly due to the increase in pre-tax profit. 3. Increase in accounts receivable turnover ratio and decrease in average collection days: Mainly due to the increase in pre-tax profits and the decrease of accounts receivable at the end of the period, the accounts receivable turnover ratio increased. 4. Increase in return on total assets and return on equity: Due to the increase in profit margin, the return on total assets and return on equity increase. 5. Increase in pre-tax net profit to the paid-in capital ratio: Due to the increase in pre-tax net profit, the ratio of pre-tax net profit to paid-in capital increases. 6. Increase in profit margin: Due to the increase in net profit in the current period, the profit margin increased. 7. Increase in earnings per share: Earnings per share increased due to the increase in net profit for the current period. 8. Decrease in cash flow adequacy ratio: The overall cash flow ratio decreased due to the decrease in net cash flow from operating activities in the past five years. 9. Increase in cash flow reinvestment ratio: The increase in cash flow reinvestment ratio is mainly due to the increase in net cash flow from operating activities. 10. Decrease in the degree of operating leverage: The increase in the degree of financial leverage is mainly due to the increase in operating profit. 11. Increase in the degree of financial leverage: The increase in the degree of financial leverage is mainly due to the increase in operating profit.

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

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

(2) Financial Analysis - Enterprise Accounting Standard of R.O.C (this statement is based on the individual financial statements)

Year (Note 1) / Analysis item		Financial analyses for the most recent five fiscal years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debts ratio	52.31	56.43	53.59	53.76	54.54
	Long-term funds to property, plant and equipment ratio	104	115.93	113.34	123.85	127.66
Solvency (%)	Current ratio	88	110.72	103.98	103.34	90.66
	Quick ratio	65	84.18	74.60	61.99	43.97
	Times interest earned	9	6.4	5.21	2.37	4.65
Operating capacity	Accounts receivable turnover ratio (times)	3.36	2.99	2.55	2.55	3.61
	Average collection days	108	122	143	143	101
	Inventory turnover ratio (times)	2.94	2.79	2.96	2.10	1.95
	Accounts payable turnover ratio (times)	6.13	6.14	7.61	6.35	6.99
	Days' sales in inventory	124	130	123	173	187
	Property, plant and equipment turnover ratio (times)	0.6	0.72	0.76	0.60	0.65
	Total assets turnover ratio (times)	0.4	0.43	0.45	0.36	0.37
Profitability	Return on total assets (%)	3.72	3.39	2.91	1.78	2.27
	Return on equity (%)	6.41	6.29	5.26	3.03	4.22

Profitability	Percentage of paid-in capital ratio (%)	Operating profit	49.56	34.75	21.06	-1.37	9.77
		Net profit before tax	31.7	25.54	21.77	4.72	11.03
	Profit margin (%)		8.3	6.57	5.17	3.89	5.16
	Earnings per share (NT)		2.52	2.23	1.85	1.06	1.45
Cash flow	Cash flow ratio (%)		5.86	6.96	28.82	15.71	16.89
	Cash flow adequacy ratio (%)		90.86	99.04	100.89	84.84	56.52
	Cash flow reinvestment ratio (%)		-4.24	-3.41	7.04	1.71	2.23
Leverage	Degree of operating leverage		3.29	4.58	6.94	-89.65	14.05
	Degree of financial leverage		1.08	1.15	1.32	0.28	1.44

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

1. Decrease in quick ratio: The quick ratio decreases due to a decrease in current assets.
2. Increase in interest coverage ratio: The increase in interest coverage ratio is mainly due to the increase in pre-tax profit.
3. Increase in accounts receivable turnover ratio and decrease in average collection days: Mainly due to the increase in pre-tax profits and the decrease of accounts receivable at the end of the period, the accounts receivable turnover ratio increased.
4. Increase in return on total assets and return on equity: Due to the increase in profit margin, the return on total assets and return on equity increase.
5. Increase in pre-tax net profit to the paid-in capital ratio: Due to the increase in pre-tax net profit, the ratio of pre-tax net profit to paid-in capital increases.
6. Increase in operating profit to the paid-in capital ratio: The main reason is that operating profit has increased, so the ratio of operating profit to paid-in capital has increased.
7. Increase in profit margin: Due to the increase in net profit in the current period, the profit margin increased.
8. Increase in earnings per share: Earnings per share increased due to the increase in net profit for the current period.
9. Decrease in cash flow adequacy ratio: The overall cash flow ratio decreased due to the decrease in net cash flow from operating activities in the past five years.
10. Increase in cash flow reinvestment ratio: The increase in cash flow reinvestment ratio is mainly due to the increase in net cash flow from operating activities.
11. Increase in the degree of operating leverage: The increase in the degree of operating leverage is mainly because operating profit increased, and variable costs decreased.
12. Increase in the degree of financial leverage: The increase in the degree of financial leverage is mainly due to the increase in operating profit.

Note 1: The financial data from 2017-2021 have been audited and attested by a CPA.

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

3. Report audited by supervisors (see page MHC)

4. Annual financial statements of 2021 (refer to page MHT-1ϕp)

5. A Parent Company only Financial Statement for the most Recent Fiscal Year, Certified by a CPA: (refer to page1ϕC-HTC)

6. If the company or its affiliates have experienced financial difficulties during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report, the annual report shall explain how said difficulties will affect the company’s financial situation: None.

Bionime Corporation
Supervisors' Review Report

Appropriate

The Board of Directors made the Company's 2021 business report, consolidated financial statements, parent company only financial statements and appropriation of earnings, among which the consolidated financial statements and the parent company only financial statements were certified by the accountants who are KPMG International Cooperative Tzu-Hsin Chang and Jun-Yuan Wu and issued a verification report. The above-mentioned business report, financial statements and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement, and in accordance with Article 220 of the Company Act made a report, please review it.

Supervisor: Tai,Tsung-Kai

Supervisor: Lin,Chien-Hsing

Supervisor: Su,Chin-Pin

Mar 22, 2022

Representation Letter

The entities that are required to be included in the combined financial statements of Bionime Corporation ("the Company") as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 , "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bionime Corporation ("the Company") and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bionime Corporation ("the Company") and Subsidiaries
Chairman: HUANG, CHUN-MU
Date: March 22, 2022

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Bionime Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matters:

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

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

How the matter was addressed in our audit

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

2. Assessment of Inventory

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

Description of key audit matters:

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

How the matter was addressed in our audit

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

3. Trade of Accounting Receivable

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

4. Development Cost

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

Description of key audit matters:

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

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

Other Matter

The Company has prepared its parent-company-only-financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 22, 2022

Notes to Readers

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

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

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

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current assets:				
Cash and cash equivalents (note 6 (a))	$ 253,085	6	343,247	8
Notes receivables, net (note 6 (c))	16,773	-	11,554	-
Trade receivables, net (note 6 (c))	356,913	8	397,514	9
Trade receivable-related parties, net (note 6 (c) and 7)	-	-	40,321	1
Other receivables (note 6 (d))	5,103	-	5,318	-
Current tax assets	2	-	14,611	-
Inventories (note 6 (e))	590,155	13	520,084	12
Prepayments (note 9(b))	89,862	2	53,528	1
Other prepayments (note 6 (i))	17,999	-	15,082	-
Other current financial assets (note 6 (i) and 8)	59,825	1	56,050	1
	1,389,717	30	1,457,309	32
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6 (b))	36,100	1	36,100	1
Property, plant and equipment (note 6 (f) and 8)	2,536,803	56	2,620,183	58
Right-of-use assets (note 6 (g))	5,396	-	10,357	-
Intangible assets (note 6 (h))	342,114	8	205,774	5
Deferred tax assets (note 6 (p))	50,536	1	28,339	1
Prepayments for business facilities	150,964	3	67,110	2
Guarantee deposits paid	4,996	-	5,270	-
Defined benefit assets, net (note 6 (o))	539	-	452	-
Other non-current assets (note 6 (i) and 9(b))	46,717	1	54,158	1
	3,174,165	70	3,027,743	68
Total assets	$ 4,563,882	100	4,485,052	100

Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current liabilities:				
Short-term borrowings (note 6 (k) and 8)	$ 507,778	11	483,349	11
Short-term notes and bills payable (note 6 (j))	-	-	39,950	1
Notes payable	854	-	849	-
Trade payable	151,133	3	146,316	3
Other payables	270,919	6	210,817	6
Other payables to related parties (note 7)	4,129	-	12,739	-
Payable on machinery and equipment	13,152	-	12,894	-
Current income tax liabilities	7,561	-	4,758	-
Current lease liabilities (note 6 (n))	4,860	-	5,272	-
Other current liabilities, others (note 6 (l) and 7)	7,963	1	19,268	-
Long-term borrowings, current portion (note 6 (m) and 8)	361,083	8	304,833	7
	1,329,432	29	1,241,045	28
Non-Current liabilities:				
Long-term borrowings (note 6 (m) and 8)	1,156,208	25	1,167,292	26
Deferred tax liabilities (note 6 (p))	491	-	218	-
Non-current lease liabilities (note 6 (n))	724	-	5,321	-
Guarantee deposit received	950	-	393	-
	1,158,373	25	1,173,224	26
Total liabilities	2,487,805	54	2,414,269	54
Equity attributable to owners of parent:(note 6 (q))				
Ordinary share	622,888	14	617,558	14
Advance receipts for share capital	15,083	-	9,702	-
Capital surplus	1,362,223	30	1,402,306	31
Retained earnings	225,521	5	189,752	4
Other equity	(18,225)	-	(15,550)	-
Treasury shares	(138,141)	(3)	(138,141)	(3)
Total equity attributable to owners of parent:	2,069,349	46	2,065,627	46
Non-controlling interests	6,728	-	5,156	-
Total equity	2,076,077	46	2,070,783	46
Total liabilities and equity	$ 4,563,882	100	4,485,052	100

See accompanying notes to consolidated financial statements.

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

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
Net operating revenues (note 6 (t) and 7)	$ 1,849,924	100	1,668,586	100
Operating costs (note 6 (e), (o) and (u))	1,066,793	58	919,461	55
Gross profit from operations	783,131	42	749,125	45
Operating expenses (note 6 (c), (o),(r), (u) and 7))				
Selling expenses	302,768	16	235,804	14
Administrative expenses	237,771	13	221,041	13
Research and development expenses	187,860	10	247,875	15
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(20,562)	(1)	23,284	2
	707,837	38	728,004	44
Net operating income	75,294	4	21,121	1
Non-operating income and expenses (note 6 (v)) :				
Interest income	713	-	1,315	-
Other income	16,700	1	25,847	2
Other gains and losses	929	-	4,380	-
Finance costs	(19,051)	(1)	(21,552)	(1)
	(709)	-	9,990	1
Profit before income tax	74,585	4	31,111	2
Less: tax income (note 6 (p))	(14,740)	(1)	(32,409)	(2)
Profit	89,325	5	63,520	4
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
(Losses) gains on remeasurements of defined benefit plans	(66)	-	316	-
	(66)	-	316	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(3,015)	-	(4,741)	-
Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (p))	-	-	-	-
	(3,015)	-	(4,741)	-
Other comprehensive income (after tax)	(3,081)	-	(4,425)	-
Comprehensive income	**$ 86,244**	**5**	**59,095**	**4**
Profit attributable to:				
Owners of parent	$ 87,413	-	62,434	4
Non-controlling interests	1,912	-	1,086	-
Profit	**$ 89,325**	**-**	**63,520**	**4**
Comprehensive income attributable to:				
Owners of parent	$ 84,672	5	58,207	4
Non-controlling interests	1,572	-	888	-
Comprehensive income	**$ 86,244**	**5**	**59,095**	**4**
Earnings per share (NT dollars) (note 6 (s))				
Basic earnings per share	**$ 1.45**		**1.06**	
Diluted earnings per share	**$ 1.44**		**1.03**	

See accompanying notes to consolidated financial statements.

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

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital				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 attributable to owner of parent	Non-controlling interests	Total equity
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	4,268	2,046,845
Profit for the year ended December 31, 2020	-	-	-	-	-	-	62,434	62,434	-	-	62,434	1,086	63,520
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	316	316	(4,543)	-	(4,227)	(198)	(4,425)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	62,750	62,750	(4,543)	-	58,207	888	59,095
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	-	10,626	-	(10,626)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	5,579	(5,579)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	-	(89,591)	(89,591)	-	-	(89,591)	-	(89,591)
Employee stock options compensation costs	-	-	-	15,535	-	-	-	-	-	-	15,535	-	15,535
Employee stock options exercised	20,860	(41,308)	(20,448)	78,718	-	-	-	-	-	-	58,270	-	58,270
Advance receipts for share capital	-	9,702	9,702	-	-	-	-	-	-	-	9,702	-	9,702
Cash dividends of capital surplus	-	-	-	(29,073)	-	-	-	-	-	-	(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**	**5,156**	**2,070,783**
Balance on January 1, 2021	617,558	9,702	627,260	1,402,306	119,789	6,962	63,001	189,752	(15,550)	(138,141)	2,065,627	5,156	2,070,783
Profit for the year ended December 31, 2021	-	-	-	-	-	-	87,413	87,413	-	-	87,413	1,912	89,325
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	(66)	(66)	(2,675)	-	(2,741)	(340)	(3,081)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	87,347	87,347	(2,675)	-	84,672	1,572	86,244
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	-	6,275	-	(6,275)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	4,795	(4,795)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	(51,578)	(51,578)	-	-	(51,578)	-	(51,578)
Employee stock options compensation costs	-	-	-	12,773	-	-	-	-	-	-	12,773	-	12,773
Employee stock options exercised	5,330	(9,702)	(4,372)	19,850	-	-	-	-	-	-	15,478	-	15,478
Advance receipts for share capital	-	15,083	15,083	-	-	-	-	-	-	-	15,083	-	15,083
Cash dividends of capital surplus	-	-	-	(72,706)	-	-	-	-	-	-	(72,706)	-	(72,706)
Balance on December 31, 2021	**$ 622,888**	**15,083**	**637,971**	**1,362,223**	**126,064**	**11,757**	**87,700**	**225,521**	**(18,225)**	**(138,141)**	**2,069,349**	**6,728**	**2,076,077**

See accompanying notes to consolidated financial statements.

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

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 74,585	31,111
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	143,765	152,551
Amortization expense	10,892	10,931
Expected credit (gain) loss	(20,562)	23,284
Interest expense	19,051	21,552
Interest revenue	(713)	(1,315)
Share-based payments transactions	12,773	15,535
Loss from disposal of property, plant and equipment	4	24
Loss (gain) on lease modification	6	(12)
Others	-	(189)
Total adjustments to reconcile profit	165,216	222,361
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(5,219)	(8,171)
Trade receivable	61,171	228,825
Trade receivable due from related parties	40,321	53,809
Other receivables	37	(143)
Inventories	(71,552)	(125,183)
Other operating assets	(31,964)	(75,081)
	(7,206)	74,056
Changes in operating liabilities:		
Notes payable	5	849
Trade payable	4,817	(2,720)
Other payable	59,964	(66,617)
Other payable due from related parties	(8,610)	(16,955)
Other operating liabilities	(11,305)	8,117
	44,871	(77,326)
Total changes in operating assets and liabilities	37,665	(3,270)
Total adjustments	202,881	219,091
Cash inflow generated from operations	277,466	250,202
Interest received	891	1,112
Interest paid	(18,863)	(21,530)
Income taxes returned (paid)	10,228	(12,228)
Net cash flows from (used in) operating activities	269,722	217,556
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(38,832)	(76,780)
Increase (Decrease) in refundable deposits	274	(752)
Acquisition of intangible assets	(147,094)	(167,120)
Increase in prepayments for business facilities	(98,643)	(52,495)
Increase in other financial assets	(3,775)	(33,621)
Net cash flows from (used in) investing activities	(288,070)	(330,768)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,662,674	2,118,616
Decrease in short-term borrowings	(1,638,706)	(2,106,415)
Decrease in short-term notes and bills payable	(40,000)	(160,000)
Proceeds from long-term borrowings	500,000	700,000
Repayments of long-term borrowings	(454,834)	(400,667)
Cash dividends paid	(124,284)	(118,664)
Increase in guarantee deposits received	557	393
Payment of lease liabilities	(5,266)	(4,901)
Proceeds from exercise of employee share options	30,562	67,972
Net cash flows from (used in) financing activities	(69,297)	96,334
Effect of exchange rate changes on cash and cash equivalents	(2,517)	567
Net decrease in cash and cash equivalents	(90,162)	(16,311)
Cash and cash equivalents at beginning of period	343,247	359,558
Cash and cash equivalents at end of period	$ **253,085**	**343,247**

See accompanying notes to consolidated financial statements.

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

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2022.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- 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"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 " Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies

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

(Continued)

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

Investor	Subsidiary	Primary Business	Primary business December 31, 2021	Primary business December 31, 2020
The Company	Bionime Incorporated (B.V.I.)	Investing and holding	100 %	100 %
	Bionime GmbH	Merchandise trading	100 %	100 %
〃	Bionime USA Corporation	Merchandise trading	100 %	100 %
〃	Bionime Australia Pty Limited	Merchandise trading	100 %	100 %
〃	Bionime (Malaysia) Sdn Bnd	Merchandise trading	66.06 %	66.06 %
Bionime Incorporated (B.V.I.)	Bionime (Shenzhen) Limited Company	Merchandise trading	100 %	100 %
Bionime(Shenzhen) Limited Company	Bionime (Pingtan) Limited Company	Manufacturing	100 %	100 %

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

(d) Foreign currencies

(i) Foreign currency transaction

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

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

(ii) Foreign operations

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

(Continued)

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

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

(Continued)

(g) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

(Continued)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

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

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

6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(Continued)

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

Buildings and structures constitute 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

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

(i) As a lessee

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

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease 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 Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

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

As a practical expedient, the Group elects not to assess whether all rent concessions that meets

(Continued)

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, 2022; 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.

(ii) As a lessor

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

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(iii) Amortization

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

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

1) Computer software: 1~5 years

2) Development Cost: 4 years

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Revenue

(i) Revenue from contracts with customers

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

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1) Sale of goods

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

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

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

2) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

(Continued)

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

c) the costs are expected to be recovered.

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

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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(iii) Short-term employee benefits

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

(o) Share-based payment

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

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

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

(p) Income taxes

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

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

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

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

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

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

(Continued)

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.

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

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(r) Earnings per share

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

(s) Operating segments

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

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

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

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

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

(a) Valuation of inventories

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

(b) The loss allowance of trade receivable

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

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

		December 31, 2021	December 31, 2020
Petty cash and cash on hand	$	1,211	1,791
Demand deposits		251,874	341,456
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**253,085**	**343,247**

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

(Continued)

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

Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Domestic unlisted common share- Bonraybio Co., Ltd.	$ **36,100**	**36,100**

On January 1, 2021 and 2020, the Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of December 31, 2021 and 2020, 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(w)

As of December 31, 2021 and 2020, none of the financial assets of the Group had been pledged as collateral for borrowings.

(c) Note and trade receivables

	December 31, 2021	December 31, 2020
Note receivables from operating activities	$ **16,773**	**11,554**
Trade receivables-measured as amortized cost	364,500	434,071
Trade receivables from related parties-measured as amortized cost	-	40,321
Less：Loss allowance	(7,587)	(36,557)
	$ **356,913**	**437,835**

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 312,623	- %	-
1 to 90 days past due	68,387	10.71 %	7,324
91 to 180 days past due	18	100 %	18
More than 181 days past due	245	100 %	245
	$ **381,273**		**7,587**

(Continued)

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

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

	For the years ended December 31,	
	2021	**2020**
Balance at January 1	$ 36,557	13,368
Impairment losses recognized	-	23,284
Amounts written off	(8,400)	(61)
Impairment losses reversed	(20,562)	-
Effect of movements exchange rates	(8)	(34)
Balance at December 31	**$ 7,587**	**36,557**

None of the receivables was discounted or pledged as collateral as of December 31, 2021 and 2020.

(d) Other receivables

	December 31, 2021	**December 31, 2020**
Other receivables	**$ 5,103**	**5,318**

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

(e) Inventories

	December 31, 2021	**December 31, 2020**
Finished goods	$ 146,655	125,419
Less: Allowance for inventory valuation losses	(9,078)	(14,475)
	137,577	110,944
Work in progress	327,224	320,095
Less: Allowance for inventory valuation losses	(10,257)	(14,173)
	316,967	305,922
Raw materials	150,846	117,864
Less: Allowance for inventory valuation losses	(15,235)	(14,646)
	135,611	103,218
	$ 590,155	**520,084**

(Continued)

The details of the cost of sales were as follows:

	For the years ended December 31, 2021	2020
Cost of goods sold	$ 1,057,162	895,278
(Reversal of provision) provisions for inventory valuation and obsolescence	(8,738)	21,106
Losses on disposal of scrap	20,980	6,959
Gains on physical inventory	(278)	(194)
Gains on disposal of leftover bits and pieces	(2,333)	(3,688)
Operating costs recognized	**$ 1,066,793**	**919,461**

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

As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Cost or deemed cost:								
Balance on January 1, 2021	$ 1,420,840	878,821	815,460	157,775	1,588	17,762	523,699	3,815,945
Additions	-	2,348	27,849	5,643	-	606	2,644	39,090
Disposal	-	-	(49,975)	-	-	-	(763)	(50,738)
Reclassification	-	-	8,460	6,191	-	-	1,482	16,133
Effect of movements in exchange rates	-	36	(16)	(73)	-	(54)	(148)	(255)
Balance on December 31,2021	**$ 1,420,840**	**881,205**	**801,778**	**169,536**	**1,588**	**18,314**	**526,914**	**3,820,175**
Balance on January 1, 2020	$ 1,420,840	874,919	751,886	156,368	1,588	17,797	510,709	3,734,107
Additions	-	3,866	50,349	3,334	-	-	15,332	72,881
Disposal	-	-	(9,352)	(3,299)	-	-	(2,832)	(15,483)
Reclassification	-	-	22,675	1,694	-	-	543	24,912
Effect of movements in exchange rates	-	36	(98)	(322)	-	(35)	(53)	(472)
Balance on December 31, 2020	**$ 1,420,840**	**878,821**	**815,460**	**157,775**	**1,588**	**17,762**	**523,699**	**3,815,945**
Depreciation and impairment loss：								
Balance on January1, 2021	$ -	147,780	596,950	143,650	1,276	16,684	289,422	1,195,762
Depreciation for the year	-	23,516	63,893	13,021	144	631	37,346	138,551
Disposals	-	-	(49,975)	-	-	-	(759)	(50,734)
Effect of movements in exchange rates	-	7	(14)	(73)	-	(12)	(115)	(207)
Balance on December 31,2021	**$ -**	**171,303**	**610,854**	**156,598**	**1,420**	**17,303**	**325,894**	**1,283,372**

(Continued)

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Transportation Equipment	Leasehold Improvements	Office and other Equipment	Total
Balance on January1, 2020	$ -	124,399	539,690	129,570	1,132	15,071	254,573	1,064,435
Depreciation for the year	-	23,374	66,705	17,701	144	1,624	37,705	147,253
Disposal	-	-	(9,352)	(3,299)	-	-	(2,808)	(15,459)
Effect of movements in exchange rates	-	7	(93)	(322)	-	(11)	(48)	(467)
Balance on December 31,2020	**$ -**	**147,780**	**596,950**	**143,650**	**1,276**	**16,684**	**289,422**	**1,195,762**
Carrying amounts:								
Balance on December 31, 2021	**$ 1,420,840**	**709,902**	**190,924**	**12,938**	**168**	**1,011**	**201,020**	**2,536,803**
Balance on December 31, 2020	**$ 1,420,840**	**731,041**	**218,510**	**14,125**	**312**	**1,078**	**234,277**	**2,620,183**
Balance on January 1, 2020	**$ 1,420,840**	**750,520**	**212,196**	**26,798**	**456**	**2,726**	**256,136**	**2,669,672**

(i) Disclosures on pledges

As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to Note 8.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2021 and 2020, capitalized borrowing costs related to the construction of the new plant amounted to \$803 thousand and \$816 thousand, with a capitalization rate of 0.8923% to 0.9880% and 1.669% ~1.793% respectively.

(g) Right-of-use assets

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

	Buildings	Transportation Equipment	Machinery and equipment	Total
Costs:				
Balance at January 1, 2021	$ 15,372	475	1,048	16,895
Additions	-	470	-	470
Disposal		(476)	-	(476)
Effects of retrospective application	(114)	-	-	(114)
Balance at December 31, 2021	**$ 15,258**	**469**	**1,048**	**16,775**
Balance at January 1, 2020	$ 9,529	207	1,048	10,784
Additions	9,061	268	-	9,329
Disposal	(2,775)	-	-	(2,775)
Effects of retrospective application	(443)	-	-	(443)
Balance at December 31, 2020	**$ 15,372**	**475**	**1,048**	**16,895**

(Continued)

		Buildings	Transportation Equipment	Machinery and equipment	Total
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	$	5,876	296	366	6,538
Depreciation for the year		4,853	151	210	5,214
Disposal		-	(330)	-	(330)
Effects of retrospective application		(43)	-	-	(43)
Balance at December 31, 2021	$	**10,686**	**117**	**576**	**11,379**
Balance at January 1, 2020	$	3,860	155	157	4,172
Depreciation for the year		4,948	141	209	5,298
Disposal		(2,775)	-	-	(2,775)
Effects of retrospective application		(157)	-	-	(157)
Balance at December 31, 2020	$	**5,876**	**296**	**366**	**6,538**
Carrying amount:					
Balance at December 31, 2021	$	**4,572**	**352**	**472**	**5,396**
Balance at December 31, 2020	$	**9,496**	**179**	**682**	**10,357**
Balance at January 1, 2020	$	**5,669**	**52**	**891**	**6,612**

(h) Intangible Assets

		Computer software	Development cost	Total
Costs:				
Balance at January 1, 2021	$	28,742	191,404	220,146
Additions		10,790	-	10,790
Acquisition-internally developed		-	136,304	136,304
Reclassification		138	-	138
Disposal		(4,869)	-	(4,869)
Effect of movements in exchange rates		2	-	2
Balance on December 31, 2021	$	**34,803**	**327,708**	**362,511**
Balance on January1, 2020	$	23,590	35,218	58,808
Additions		10,934	-	10,934
Acquisition-internally developed		-	156,186	156,186
Reclassification		82	-	82
Disposal		(5,867)	-	(5,867)
Effects of movements in exchange rates		3	-	3
Balance at December 31, 2020		**28,742**	**191,404**	**220,146**

(Continued)

		Computer software	Development cost	Total
Amortization and Impairment Loss:				
Balance at January 1, 2021	$	14,372	-	14,372
Amortization for the year		10,892	-	10,892
Disposal		(4,869)	-	(4,869)
Effects of movements in exchange rates		2	-	2
Balance at December 31, 2021	**$**	**20,397**	**-**	**20,397**
Balance at January 1, 2020	$	9,305	-	9,305
Amortization for the year		10,931	-	10,931
Disposal		(5,867)	-	(5,867)
Effects of movements in exchange rates		3	-	3
Balance at December 31, 2020	**$**	**14,372**	**-**	**14,372**
Carrying amounts:				
Balance on December 31, 2021	**$**	**14,406**	**327,708**	**342,114**
Balance on December 31, 2020	**$**	**14,370**	**191,404**	**205,774**
Balance on January 1, 2020	**$**	**14,285**	**35,218**	**49,503**

The Group is dedicated to developing the new product, Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria to capitalize, and therefore capitalized relevant development cost and amortized in 4 years after the capitalized period ended. For the year ended December 31, 2021, the Group capitalized $327,708 thousand.

(i) Amortization

The amortization of intangible assets are included in the statement of comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Operating costs	**$**	**352**	**563**
Operating expenses	**$**	**10,540**	**10,368**

(ii) Disclosures on pledges

As of December 31, 2021 and 2020, none of the intangible assets of the Group had been pledged as collateral.

(Continued)

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

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

	December 31, 2021	December 31, 2020
Other financial assets		
Other current financial assets	$ 59,825	56,050
Other current assets		
Overpaid sales tax	$ 8,317	8,334
Temporary payments	7,285	5,737
Others	2,397	1,011
	$ 17,999	15,082
Other non-current assets		
Other non-current assets-other	$ 46,717	54,158

(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(w).

(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).

(j) 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

(Continued)

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 457,778	383,349
Secured bank loans	50,000	100,000
	$ 507,778	**483,349**
Unused credit line	**$ 1,283,972**	**1,057,151**
Range of Interest rates	**0.6846%~1.1100%**	**0.6086%~2.8938%**

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

(l) Other current liabilities

The other current liabilities were as follows:

	December 31, 2021	December 31, 2020
Temporary receipts	$ 3,140	323
Contract liability	2,285	15,006
Others	2,538	3,939
	$ 7,963	**19,268**

(m) Long-term borrowings

The details were as follows:

	December 31, 2021			
	Currency	**Interest rates**	**Maturity year**	**Amount**
Secured bank loans	NTD	1.00%	2023~2030	$ 1,467,291
Unsecured bank loans	NTD	1.10%	2023	50,000
Less: current portion				(361,083)
Total				**$ 1,156,208**
Unused credit line				**$ -**

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

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

(Continued)

(n) Lease liabilities

The lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 4,860	5,272
Non-current	$ 724	5,321

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

The amounts recognized in profit or loss was as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 262	427
Expenses relating to short-term leases	$ 13,010	10,868
COVID-19 related rent concessions (recognized as deduction of rent expenses)	$ -	189

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

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	$ 18,538	16,196

(i) Real estate leases

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

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

(ii) Other leases

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

(Continued)

(o) 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, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 4,060	3,919
Fair value of plan assets	(4,599)	(4,371)
Net defined benefit liabilities (assets)	**$ (539)**	**(452)**

The Group's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Short-term vacation liability	**$ 9,012**	**7,848**

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $4,598 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2021	2020
Defined benefit obligation at January 1	$ 3,919	4,090
Current service costs and interest cost	35	45
Remeasurements loss (gain):		
Actuarial loss (gain) arising from:		
－financial assumptions	106	(216)
Defined benefit obligation at December 31	**$ 4,060**	**3,919**

(Continued)

3) Movements of defined benefit plan assets

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

		2021	2020
Fair value of plan assets at January 1	$	4,371	4,075
Interest income		40	46
Contributions paid by the employer		150	150
Remeasurements loss (gain):			
－Return on plan assets excluding interest income		38	100
Fair value of plan assets at December 31	**$**	**4,599**	**4,371**

4) Expenses recognized in profit or loss

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

		2021	2020
Net interest of net liabilities for the defined benefit obligations	**$**	**(5)**	**(1)**
Administration expenses	**$**	**(5)**	**(1)**

5) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.60 %	0.90 %
Future salary increase rate	3.00 %	3.00 %

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

The weighted average lifetime of the defined benefit plans is 20.8 years.

6) Sensitivity analysis

As of December 31, 2021 and 2020, 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, 2021			
Discount rate	$	(199)	211
		Increase 1.00%	Decrease 1.00%
Future salary increases rate	$	891	(732)

(Continued)

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

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

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined benefit plans

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

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of $2,101 thousand and $2,061 thousand for the years ended December 31, 2021 and 2020 respectively were transferred to intangible assets as they were eligible for capitalization, please refer to note 6(h), and the remaining pension costs are $21,077 thousand and $21,035 thousand separately.

Other subsidiaries established their retirement plans in accordance with each local regulation. The Group recognized the pension costs of $10,180 thousand and $4,278 thousand in 2021 and 2020, respectively.

(Continued)

(p) Income Taxes

(i) Income Tax Income

The components of income tax in the years 2021 and 2020 were as follows:

		2021	2020
Current income tax expense			
Current period	$	2,799	811
Adjustment for prior periods		4,380	(7,911)
5% surtax on un-distributed earnings		5	9
		7,184	(7,091)
Deferred tax expense			
Origination and reversal of temporary differences	$	(21,924)	(25,318)
Tax income	**$**	**(14,740)**	**(32,409)**

None of the amount of income tax recognized in other comprehensive income for 2021 and 2020.

Reconciliation of income tax and profit before tax for 2021 and 2020, is as follows.

		2021	2020
Profit excluding income tax	$	74,585	31,111
Income tax using the Company's domestic tax rate	$	14,917	6,222
Effect of tax rates in foreign jurisdiction		2,287	(4,404)
Non-deductible expenses		761	26
Book-tax income differences of the revenue and expense		(27,028)	(31,543)
Recognition of previously unrecognized tax losses		(2,709)	(2,877)
Changes in unrecognized temporary differences		(6,401)	8,069
Prior years income tax adjustment		4,380	(7,911)
Adjustment of deferred tax assets for prior years		(952)	-
5% surtax on undistributed earnings		5	9
	$	**(14,740)**	**(32,409)**

(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, 2021	December 31, 2020
Tax effect of deductible temporary differences	$	5,712	12,114
The carry-forward of unused tax losses		49,181	56,786
	$	**54,893**	**68,900**

(Continued)

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

As of December 31 2021, the information of the subsidiaries unused tax losses, for which no deferred tax assets were recognized, are as follows:

Subsidiaries	Year of loss	Unused tax loss	Remark
Bionime USA Corporation	2011	$ 45,497	Number of declarations
Bionime USA Corporation	2012	140,649	Number of declarations
Bionime USA Corporation	2013	39,788	Number of declarations
Bionime USA Corporation	2014	8,259	Number of declarations
		$ 234,193	

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at December 31, 2021 and 2020. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

	December 31, 2021	December 31, 2020
Aggregated amount of temporary differences related to investments in subsidiaries	**$ 257,962**	**270,923**
Unrecognized deferred tax assets	**$ 51,592**	**54,185**

2) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as at December 31, 2021 and 2020. 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, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 25,305**	**27,902**
Unrecognized deferred tax liabilities	**$ 5,061**	**5,580**

(Continued)

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020, were as follows:

Deferred Tax Assets:

	Unrealized loss on inventory obsolescence	Unrealized foreign exchange loss	Unrealized inter-company profits resulting from sales to affiliated companies	Operating loss carry forward	Reserve liability	Total
Balance at January 1, 2021	$ 3,891	-	3,866	20,582	-	28,339
Recognized in profit or loss	(1,090)	-	155	23,075	57	22,197
Balance at December 31, 2021	**$ 2,801**	**-**	**4,021**	**43,657**	**57**	**50,536**
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**

Deferred Tax Liabilities:

	Unrealized foreign exchange gain	Others	Total
Balance at January 1, 2021	$ 36	182	218
Recognized in profit or loss	226	47	273
Balance at December 31, 2021	**$ 262**	**229**	**491**
Balance at January 1, 2020	$ -	96	96
Recognized in profit or loss	36	86	122
Balance at December 31, 2020	**$ 36**	**182**	**218**

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Subsidiaries	Year of loss	Unused tax loss	Remark
Parent Company	2020	$ 45,497	Number of declarations
Parent Company	2021	140,649	Number of declarations
		$ 234,193	

(iii) Assessment of tax

The Group's tax returns for the years through 2019 were assessed by the Tax Authority.

(Continued)

(q) Capital and Other Equity

As of December 31 2021 and 2020, the numbers of authorized ordinary shares were 100,000 thousand shares, with par value of $10 per share. The total value of authorized ordinary shares amounted to $1,000,000 thousand (and of which $60,000 thousand was reserved for the exercising of employee share options for each year). As of the date, 62,289 thousand (2019: 61,756 thousand) of ordinary thousand shares amounted to $622,888 thousand (2019: $617,558 thousand) were issued.

Reconciliation of shares outstanding for 2021 and 2020 was as follows:

(in thousands of shares)

		Ordinary Shares	
		2021	**2020**
Balance on January1	$	61,756	59,670
Exercise of share options		533	2,086
Balance on December 31	**$**	**62,289**	**61,756**

(i) Ordinary shares

The Group issued 68 thousand, 173 thousand, 231.5 thousand and 145.2 thousand new shares for employee stock options, with a par value of $10 per share. The shares were exercised at $46.4, $46.6, $48 and $56.7 per share, with the carrying values of $3,155 thousand, $8,062 thousand, $11,112 thousand and $8,233 thousand, respectively, in 2021.

Among the shares exercised, 68 thousand shares and 164 thousand shares had the exercise prices of $46.4 and $48, respectively, which were registered on June 24, 2021. 40.5 thousand shares had the exercise prices of $48 which were registered on August 30, 2021. In addition, 26 thousand shares and 27 thousand shares had the exercise prices of $46.6 and $48, respectively, which were registered on November 15, 2021. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of $15,083 thousand from the remaining 292.2 thousand unregistered shares had been collected for the year ended December 31, 2021. 207.5 thousand shares which had issued in 2020 were registered on February 18, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

The Group issued 836 thousand, 183 thousand, 346 thousand and 62.5 thousand 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 per share, with the carrying values of $39,877 thousand、$9,040 thousand、$16,054 thousand and $3,000 thousand, respectively, in 2020.

Among the shares exercised, 804 thousand shares and 182 thousand shares had the exercise prices of $47.7 and $49.4, respectively, which were registered on May 18, 2020. In addition, 190 thousand shares and 44 thousand shares had the exercise prices of $46.4 and $48, respectively, which were registered on October 19, 2020. The payment for all of the above shares have been received as of the reporting date. Furthermore, the amount of $9,702 thousand from the remaining 207.5 thousand unregistered shares had been collected for the year ended December 31, 2020. The Group had received the approval from the Financial Suspensory Commission for the above capital increase, with the base date set on February 18, 2021. All the relevant statutory registration procedures have since been completed.

(Continued)

(ii) Capital surplus

The balance of capital surplus as of December 31, 2021 and 2020, were as follows:

		December 31, 2021	December 31, 2020
Share capital	$	1,100,804	1,173,510
Share capital for employee share options exercised		107,083	87,233
Employee share options		55,437	48,865
Expired options		98,884	92,683
The variation of ownership recognized in the subsidiary		15	15
	$	**1,362,223**	**1,402,306**

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

The company has determined to distribute $72,706 thousand and $29,073 thousand as cash dividends out of APIC (Additional Paid-In Capital) on August 30, 2021 and June 30, 2020 with approval subjected to the stockholders' meeting, respectively.

(iii) Retained Earnings

The Company's article of incorporation stipulates 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.

(Continued)

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 $11,757 thousand and $6,962 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on August 30, 2021 and June 30, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		**2019**	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 0.83	51,578	1.51	89,591

The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting and shareholders' meeting on March 22, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2021	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
	$ 1.25	75,753

(iii) Treasury shares

As of December 31, 2021, 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 thousand.

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.

(Continued)

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

		Exchange differences on translation of foreign financial statements
Balance at January 1, 2021	$	(15,550)
Exchange differences on foreign operations		(2,675)
Balance at December 31, 2021	**$**	**(18,225)**
Balance at January 1, 2020	$	(11,007)
Exchange differences on foreign operations		(4,543)
Balance at December 31, 2020	**$**	**(15,550)**

(r) Share-Based Payment

(i) Employee stock options

As of December 31, 2021, 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:

	2021		
	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	46.6	56.7
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)

	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%

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

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

	2021		2020	
(in dollars)	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at January 1	$ 56.87	3,160,000	55.45	4,880,000
Granted during the year (number)		-		-
Forfeited during the year (number)		(400,800)		(292,000)
Exercised during the year (number)		(617,700)		(1,427,500)
Expired during the year (number)		(6,500)		(500)
Outstanding at December 31	**56.70**	**2,135,000**	**56.87**	**3,160,000**
Exercisable at December 31		**2,135,000**		**3,160,000**

(ii) Employee recognized in profit or loss

The Group incurred expenses and liabilities of share-based arrangements in 2021 and 2020 were as follows:

	2021	2020
Expenses resulting from granted employee share options	**$ 12,773**	**15,535**

(Continued)

(s) Earnings per Share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2021 and 2020 were based on the profit attributable to ordinary shareholders of the Company amounting to $87,413 thousand and $62,434 thousand, respectively; and the weighted average number of ordinary shares outstanding of 60,078 thousand shares and 59,176 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **87,413**	**62,434**

2) Weighted average number of ordinary shares

	2021	2020
Weighted-average number of ordinary shares at December 31	**60,078**	**59,176**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 were based on profit attributable to ordinary shareholders of the Company amounting $87,413 thousand and $62,434 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,827 thousand shares and 60,376 thousand shares were calculated as follows:

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

	2021	2020
Profit attributable to ordinary shareholders of the Company (diluted)	$ **87,413**	**62,434**

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

	2021	2020
Weighted-average number of ordinary shares (basic)	60,078	59,176
Effect of dilutive potential ordinary shares		
Effect of issuance of employee share options	611	1,128
Effect of employee share bonus	138	72
Weighted-average number of ordinary shares (diluted) at December 31	**60,827**	**60,376**

(Continued)

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		2021	2020
Primary geographical markets			
China	$	329,827	173,625
Switzerland		234,484	235,501
United State		190,928	177,635
Algeria		141,809	251,467
Egypt		76,253	96,809
Other		876,623	733,549
	$	**1,849,924**	**1,668,586**
Major products			
Meter and Strips	**$**	**1,849,924**	**1,688,586**

(ii) Contract balance

		2021	2020
Contract liabilities	**$**	**2,285**	**15,006**

The amount of revenue recognized for the years ended December 31, 2021 sand 2020 that was included in the contact liability balance at the beginning of the period were $15,006 thousand and $1,228 thousand, respectively.

(u) 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, 2021 and 2020, the Company estimated its employee remuneration amounting to $10,000 thousand and $2,200 thousand and directors and supervisors remuneration amounting to $2,430 thousand and $500 thousand 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 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

(Continued)

(v) Non-operating Income and Expenses

(i) Interest income

The details of interest income for the years 2021 and 2020 were as follows:

	2021	2020
Interest income from bank deposits	$ **713**	**1,315**

(ii) Other income

The details of other income for the years 2021 and 2020 were as follows:

	2021	2020
Rent income	$ 487	548
Other income, others	16,213	25,299
	$ **16,700**	**25,847**

(iii) Other gains and losses

The details of other gains and losses for the years 2021 and 2020 were as follows:

	2021	2020
Foreign exchange gains	$ 939	4,392
Losses on disposals of property, plant and equipment	(4)	(24)
(Loss) profit of lease modification	(6)	12
	$ **929**	**4,380**

(iv) Finance costs

The details of financial costs for the years 2021 and 2020 were as follows:

	2021	2020
Interest expenses-bank loans	$ 18,789	21,125
Interest of lease liabilities	262	427
	$ **19,051**	**21,552**

(w) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk mainly derived from the carrying amount of financial assets recognized in the consolidated balance sheet.

(Continued)

2) Concentration of credit risk

The major clients of Group are concentrated in medical instruments market. To minimize credit risk, the Group periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the trade receivable and recognizes an allowance for impairment. The impairment loss is within management' s expectation. As of December 31, 2021 and 2020, 43% and 54%, respectively, of trade receivables were comprised of five major customers. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

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

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

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

(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, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 1,517,291	1,532,505	415,234	382,580	542,791	191,900
Unsecured bank loans	507,778	512,849	462,299	50,550	-	-
Notes and trade payables	151,987	151,987	151,987	-	-	-
Other payables (including related parties)	275,048	275,048	275,048	-	-	-
Payable on machinery and equipment	13,152	13,152	13,152	-	-	-
Lease liabilities (Current and Non-Current)	5,584	5,668	4,941	633	94	-
	$ 2,470,840	**2,491,209**	**1,322,661**	**433,763**	**542,885**	**191,900**

(Continued)

	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	147,165	147,165	147,165	-	-	-
Other payables (including related parties)	223,556	223,556	223,556	-	-	-
Payable on machinery and equipment	12,894	12,894	12,894	-	-	-
Lease liabilities (Current and Non-Current)	10,593	10,936	5,533	4,870	533	-
	$ 2,389,632	2,409,222	1,224,855	333,793	607,501	243,073

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

(iii) Market risk

1) Currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
Financial assets						
Monetary items						
USD	USD 11,862	27.67	328,221	USD 14,897	28.10	418,606
EUR	EUR 3,253	31.37	102,047	EUR 3,161	34.53	109,149
Financial liabilities						
Monetary items						
USD	USD 13,062	27.67	361,426	USD 14,473	28.10	406,691
EUR	EUR 2,694	31.37	84,511	EUR 2,197	34.53	75,862

2) Sensitivity analysis

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

A strengthening (weakening) of 0.5% of the NTD against the USD and the EUR as of December 31, 2021 and 2020, would have (decreased) increased the net profit after tax by $63 thousand and $181 thousand, respectively.

(Continued)

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2021 and 2020, the foreign exchange gain (including realized and unrealized portions) amounted to $939 thousand and $4,392 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 0.5%, the Group’s net income would have increased / decreased by $8,100 thousand and $7,822 thousand for the year ended December 31, 2021 and 2020, respectively with all other variable factors remaining constant. This is mainly due to the Group’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 Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
		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	$ 253,085	-	-	-	-
Notes and trade receivables (including related parties)	373,686	-	-	-	-
Other receivables	5,103	-	-	-	-
Other financial assets-current	59,825	-	-	-	-
	691,699	-	-	-	-
	$ 727,799	**-**	**-**	**36,100**	**36,100**

(Continued)

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 507,778	-	-	-	-
Notes and trade payables, and other payables (including related parties)	427,035	-	-	-	-
Payable on machine and equipment	13,152	-	-	-	-
Lease liabilities (Current and Non-current)	5,584	-	-	-	-
Long-term borrowings, including current portion	1,517,291	-	-	-	-
	$ 2,470,840	**-**	**-**	**-**	**-**

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks unlisted companies	$ 36,100	-	-	36,100	36,100
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 343,247	-	-	-	-
Notes and trade receivables (including related parties)	449,389	-	-	-	-
Other receivables	5,318	-	-	-	-
Other financial assets-current	56,050	-	-	-	-
	854,004	-	-	-	-
	$ 890,104	**-**	**-**	**36,100**	**36,100**
Financial liabilities at amortized cost					
Short-term borrowings	$ 483,349	-	-	-	-
Short-term notes and bills payable	39,950	-	-	-	-
Notes and trade payables, and other payables (including related parties)	370,721	-	-	-	-
Payable on machine and equipment	12,894	-	-	-	-
Lease liabilities (Current and Non-current)	10,593	-	-	-	-
Long-term borrowings, including current portion	1,472,125	-	-	-	-
	$ 2,389,632	**-**	**-**	**-**	**-**

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

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

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

(Continued)

3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2021 and 2020.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2021 (i.e. December 31, 2021)	$ 36,100
Opening balance, January 1, 2020 (i.e. December 31, 2020)	$ 36,100

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

The Group's financial instruments that use Level 3 inputs to measure fair value is "fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	• Forecast annual revenue growth rate（December 31, 2021；25%~100%） • Weight average capital cost（December 31, 2021；9.50%）	• the annual revenue growth rate was higher, the fair value was higher • the weight average capital cost was higher, the fair value was lower

(x) Financial Risk Management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

(Continued)

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

(ii) Structure of risk management

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arise principally from the Group's receivables from customers and investment in debt securities.

1) Trade and other receivables

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

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

2) Investments

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

3) Guarantee

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2021, no guarantees were outstanding (2020: none).

(Continued)

(iv) Liquidity risk

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

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused credit lines were amounted to $1,283,972 thousand and $1,057,151 thousand, respectively.

(v) Market risk

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

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

1) Currency risk

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

2) Interest rate risk

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

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

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

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

3) Other market price risk

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

(Continued)

(y) Capital Management

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

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

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

As of December 31, 2021, the Group's capital management strategy is consistent with that of the prior year as of December 31, 2020 and the debt to equity ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Group's debt to equity ratio at the end of the reporting period was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,487,805	2,414,269
Less: cash and cash equivalents	253,085	343,247
Net debt	**$ 2,234,720**	**2,071,022**
Total equity	**$ 2,076,077**	**2,070,783**
Total capital	**$ 4,310,797**	**4,141,805**
Debt-to-equity ratio at 31 December	**51.84%**	**50.00%**

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2010, were as follows：

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

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

			Non-cash changes				
	January 1,2021	**Cash flows**	**Additions**	**Foreign exchange movement**	**Release the lease**	**(Profit) loss of lease modification**	**December 31,2021**
Long-term borrowings	$ 1,472,125	45,166	-	-	-	-	1,517,291
Short-term borrowings	483,349	23,968	-	461	-	-	507,778
Lease liabilities (current and non-current)	10,593	(5,266)	470	(74)	(145)	6	5,584
Total liabilities from financing activities	**$ 1,966,067**	**63,868**	**470**	**387**	**(145)**	**6**	**2,030,653**

(Continued)

	January 1,2020	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement	Non-cash changes: (Profit) loss of lease modification	Non-cash changes: Changes in lease payments	December 31,2020
Long-term borrowings	$ 1,172,792	299,333	-	-	-	-	1,472,125
Short-term borrowings	465,799	12,201	-	5,349	-	-	483,349
Lease liabilities (current and non-current)	6,663	(4,901)	9,329	(297)	(12)	(189)	10,593
Total liabilities from financing activities	**$ 1,645,254**	**306,633**	**9,329**	**5,052**	**(12)**	**(189)**	**1,966,067**

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with related parties

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

Name of related Party	Relationship with the Group
Tonghua Dongbao Pharmaceutical Co., Ltd.(Tonghua Dongbao)	Key management personnel
Shanghai Juyi Network Technology Co., Ltd. (Juyi)	Entity which is joint controlled by key management personnel
HUANG, CHUN-MU	Key management personnel

(c) Significant transactions with related parties

(i) Sales

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

	2021	2020
Key management personnel of the Group－Tonghua Dongbao	$ 103,989	122,630
Other related parties －Juyi	-	2,367
	$ 103,989	**124,997**

The price given to the related-party is lower than general customers. The general customer’s collection term is about 45 to 120 days or advance sales receipts, for the key management personnel of the Group, the collection conditions is advance sales receipts or 45 days from the end of the month of when the invoice is issued.

(Continued)

(ii) Purchases

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

	2021	2020
Key management personnel of the Group —Tonghua Dongbao	**$ -**	**43,074**

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Trade receivables	Key management personnel of the Group —Tonghua Dongbao	$ -	40,038
Trade receivables	Other related parties —Juyi	-	283
		$ -	**40,321**

(iv) Payables to Related Parties

Account	Relationship	December 31, 2021	December 31, 2020
Other payables	Key management personnel of the Group —Tonghua Dongbao	**$ 4,129**	**12,739**

(v) Others(account for other current liabilities)

Account	Relationship	December 31, 2021	December 31, 2020
Advance sales receipts	Key management personnel of the Group —Tonghua Dongbao	**$ -**	**8,633**

(vi) Others

1) The service expense of $5,124 thousand and $21,842 thousand in 2021 and 2020, respectively, which caused by signing contract with other related parties – Juyi was under selling expenses.

2) The sales expense of $511 thousand and $0 in 2021 and 2020, respectively, which caused by signing contract with key management personnel of the Group-Tonghua Dongbao was under selling expenses.

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

(Continued)

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 17,947	16,506
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	920	991
	$ 18,867	**17,497**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment	Guarantee for bank loans	$ 2,124,495	2,145,399
Other financial assets-current	Purchase deposit	200	200
		$ 2,124,695	**2,145,599**

(9) Significant commitments and contingencies

(a) Unrecognized contractual commitments are as follows:

	December 31. 2021	December 31. 2020
Acquisition of property, plant and equipment	**$ 14,032**	**20,184**

(b) Contingencies

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

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

(Continued)

Due to the impact of COVID-19 pandemic in 2020, the sales in Mainland China had slowed down. Therefore, the Group negotiated to revise the contract with terms of reducing the minimum purchase quantity with Tonghua Dongbao, and withdrew the exclusive sales right of some models of Tonghua Dongbao starting from July 1, 2020. In addition, the subsidiary-Bionime (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

(12) Other:

(a) A summary of employee benefits, depreciation, depletion, and amortization, by function, is as follows:

By function / By item	2021 Operating Costs	2021 Operating Expenses	2021 Total	2020 Operating Costs	2020 Operating Expenses	2020 Total
Employee benefits						
Salary	327,187	284,865	612,052	310,737	237,198	547,935
Labor and health insurance	32,986	21,400	54,386	30,001	22,210	52,211
Pension	13,583	17,669	31,252	12,631	12,682	25,313
Remuneration of directors	-	3,751	3,751	-	1,333	1,333
Others	18,952	12,861	31,813	18,790	12,983	31,773
Depreciation	110,465	33,300	143,765	116,282	36,269	152,551
Amortization	352	10,540	10,892	563	10,368	10,931

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2021 (excluding those investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest balance during the year: Shares/Units (thousands)	Highest balance during the year: Percentage of ownership (%)	Note
The company	Ordinary-Bonraybio Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	960	36,100	5.95%	36,100	960	5.95%	

(Continued)

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

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

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

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

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Trade receivables (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	Note
The Company	Bionime (Pingtan) Limited Company	Subsidiary	Sale	(191,848)	(10.37)%	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	54,815	14.67%	
The Company	Tonghua Dongbao Pharmaceutical Co., Ltd.	Key management personnel	Sale	(103,989)	(5.62)%	Advance receipts or net 45 days from the end of the month of when the invoice issued	No comparison	Advance receipts or net 45 days from the end of the month of when the invoice issued	-	-%	

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2021			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The company	Bionime (Pingtan) Limited Company	1	Purchases	1,440	Note3	0.08 %
0	The company	Bionime (Pingtan) Limited Company	1	Sales	191,848	Note3	10.37 %
0	The company	Bionime USA Corporation	1	Sales	54,122	Note3	2.93 %
0	The company	Bionime (Malaysia) Sdn. Bnd.	1	Sales	20,436	Note3	1.10 %

(Continued)

BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2021			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The company	Bionime (Pingtan) Limited Company	1	Trade Receivables	54,815	Note3	1.20 %
0	The company	Bionime USA Corporation	1	Trade Receivables	7,096	Note3	0.16 %
0	The company	Bionime (Malaysia) Sdn Bnd	1	Trade Receivables	8,711	Note3	0.19 %
0	The company	Bionime GmbH	1	Professional service fees	20,007	No Comparison	1.08 %
0	The company	Bionime (Shenzhen) Limited Company	1	Professional service fees	12,990	No Comparison	0.70 %
1	Bionime (Pingtan) Limited Company	Bionime (Shenzhen) Limited Company	3	Professional service fees	23,218	No Comparison	1.26 %
0	The company	Bionime (Pingtan) Limited Company	1	Temporary receipts	209	No Comparison	0.00 %
0	The company	Bionime (Pingtan) Limited Company	1	Other payables	1,677	No Comparison	0.04 %
0	The company	Bionime GmbH	1	Other payables	19,967	No Comparison	0.44 %

Note 1: The number filled in as follows:

1) Zero represents the parent company.

2) Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1) 1 represents the transactions between parent company and subsidiaries.

2) 2 represents the transactions between subsidiaries and parent company.

3) 3 represents the transactions between subsidiary and subsidiary.

Note 3: The price that the Company offers to (be offered by) its related parties is not comparable to other non-related parties due to their product characteristics. The collection period for general customers ranges from 45 to 120 days; and the collection period for Bionime Incorporated (B.V.I.), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn. Bhd, Bionime (Pingtan) Limited Company, and Bionime (Shenzhen) Limited Company are approximately 90 days, 60 days, 120 days, 120 days, 90 days, 90 days and 90 days, respectively.

Note 4: The transactions mentioned above have been eliminated upon consolidation.

(Continued)

(b) Information on investees:

The following is the information on investees for the year 2021 (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, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Bionime GmbH	Switzerland	Merchandise trading	CHF300	CHF300	Note1	100 %	21,087	940	940	Note4
The company	Bionime Incorporated (B.V.I)	British Virgin Islands	Investing and holding	USD3,090	USD3,090	3.09	100 %	80,618	(7,259)	(7,259)	Note4
The company	Bionime USA Corporation	America	Merchandise trading	USD11,150	USD11,150	1,115	100 %	80,479	12,991	12,991	Note4
The company	Bionime Australia Pty Limited	Australia	Merchandise trading	AUD350	AUD350	Note2	100 %	(49)	(30)	(30)	Note4
The company	Bionime (Malaysia) Sdn.Bhd	Malaysia	Merchandise trading	MYR1,046	MYR1,046	Note3	66.06 %	11,460	5,634	3,722	Note4

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Bionime (Shenzhen) Limited Company	Merchandise trading	USD2,300	Note 1	USD850	-	-	USD850	(7,244) (Note3)	100%	(7,244)	85,435	USD2,087 (NTD63,084)
Bionime (Pingtan) Limited Company	Merchandise trading and manufacturing	RMB20,000	Note 2	-	-	-	-	5,284 (Note3)	100%	5,284	86,168	-

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD850 (NTD 27,520)	USD 2,300 (NTD 70,863)	NTD1,241,609

Note 1: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

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

Note 4: The transactions have been eliminated upon consolidation.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions".

(d) Major shareholders:

Shareholding **Shareholder's Name**	**Shares**	**Percentage**
Tonghua Dongbao Pharmaceutical Co., Ltd	12,000,000	19.17 %
Hua Eng Wire And Cable Co., Ltd.	7,807,900	12.47 %

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

(a) General information

The Group has one reportable segment, the biotechnology segment. This segment is mainly involved in the manufacturing and selling of medical instruments, providing biotechnology services, examining pharmaceuticals products, and selling precision instruments.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The internal management report includes profit before taxation.

(Continued)

The profit or loss of the reportable segment of the Group includes depreciation and amortization expenses, income tax expense (income), any extraordinary activity, and other material non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

Accounting policies for the operating segments correspond to those stated in note 4.

The reportable segment profit and loss, segment assets and segment liabilities of the Group are in accordance with the financial report, please refer to the Consolidated Balance sheet and Consolidated Statement of Comprehensive Income.

(c) Production and service information

Since the main industrial department of Group is the optical lens department, and its operating income, operating interests and the identifiable assets account for more than 90% of operating income and total assets, therefore, the Group is classified as a single product.

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and the segment non-current assets are based on the geographical location of the assets.

Region		**2021**	**2020**
Revenue from external customers:			
China	$	329,827	173,625
Switzerland		234,484	235,501
United States		190,928	177,635
Algeria		141,809	251,467
Egypt		76,253	96,809
Other countries		876,623	733,549
Total	**$**	**1,849,924**	**1,668,586**
Non-current assets：			
Taiwan	$	3,067,262	2,939,387
Other countries		14,732	18,195
Total	**$**	**3,081,994**	**2,957,582**

Non-current assets include property, plant and equipment, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(e) Major customers' information

		2021	**2020**
Customer A of biotechnology division	$	141,809	251,467
Customer B of biotechnology division		234,484	235,502
	$	**376,293**	**486,969**

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, 2021 and 2020, 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 of December 31, 2021 and 2020, 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 (u).

Description of key audit matters:

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

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

How the matter was addressed in our audit

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

2. Assessment of Inventory

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

Description of key audit matters:

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

How the matter was addressed in our audit

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

3. Assessment of Accounting Receivable

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

4. Development Cost

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

Description of key audit matters:

The 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 principal 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the 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 statement. 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 22, 2022

Notes to Readers

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

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

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

BIONIME CORPORATION

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current assets:				
Cash and cash equivalents (note 6 (a))	$ 142,263	3	266,706	6
Notes receivable, net (note 6 (c))	16,773	-	11,554	-
Trade receivable, net (note 6 (c))	335,990	7	374,936	9
Trade receivable-related parties, net (note 6 (c) and 7)	70,622	2	82,518	2
Other receivables (note 6 (d))	4,614	-	4,769	-
Other receivable-related parties (note (d) and 7)	-	-	82	-
Current income tax assets	2	-	14,611	-
Inventories (note 6 (e))	530,741	12	458,020	10
Prepayments (note 9 (b))	88,373	2	51,934	1
Other current assets (note 6 (j))	12,699	-	9,262	-
Other current financial assets (note 6 (j) and 8)	200	-	200	-
	1,202,277	26	1,274,592	28
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))	193,595	4	186,683	4
Property, plant and equipment (note 6 (g), 7 and 8)	2,526,673	56	2,610,332	58
Right-of-use assets (note 6 (h))	1,577	-	2,618	-
Intangible assets (note 6 (i))	341,958	8	205,569	5
Deferred tax assets (note 6 (q))	50,536	1	28,339	1
Prepayments for business facilities	150,964	3	67,110	2
Guarantee deposits paid	2,175	-	2,150	-
Defined benefit assets, net (note 6 (p))	539	-	452	-
Other non-current assets (note 6 (j))	46,090	1	53,758	1
	3,350,207	74	3,193,111	72
Total assets	$ 4,552,484	100	4,467,703	100

Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current liabilities:				
Short-term borrowings (note 6 (l) and 8)	$ 507,778	11	483,349	11
Short-term notes and bills payable (note 6 (k))	-	-	39,950	1
Notes payable	854	-	849	-
Trade payable	148,951	3	144,033	3
Trade payable-related parties (note 7)	-	-	375	-
Other payables	255,191	6	195,333	4
Other payables-related parties (note 7)	25,043	1	31,313	1
Payable on machinery and equipment	13,152	-	12,894	-
Current income tax liabilities	7,225	-	4,909	-
Current lease liabilities (note 6 (o))	1,126	-	1,343	-
Other current liabilities (note 6 (m) and 7)	5,636	-	14,156	-
Long-term borrowings, current portion (note 6 (n) and 8)	361,083	8	304,833	7
	1,326,039	29	1,233,337	27
Non-Current liabilities:				
Long-term borrowings (note 6 (n) and 8)	1,156,208	25	1,167,292	26
Deferred tax liabilities (note 6 (q))	419	-	163	-
Non-current lease liability (note 6 (o))	465	-	1,280	-
Guarantee deposits received	4	-	4	-
	1,157,096	25	1,168,739	26
Total liabilities	2,483,135	54	2,402,076	53
Equity (note 6 (r))				
Ordinary share	622,888	14	617,558	14
Advance receipts for share capital	15,083	-	9,702	-
Capital surplus	1,362,223	30	1,402,306	31
Retained earnings	225,521	5	189,752	5
Other equity interest	(18,225)	-	(15,550)	-
Treasury shares	(138,141)	(3)	(138,141)	(3)
Total equity	2,069,349	46	2,065,627	47
Total liabilities and equity	$ 4,552,484	100	4,467,703	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, 2021 and 2020

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
Net operating revenues (note 6 (u) and 7)	$ 1,692,350	100	1,601,953	100
Operating costs (note 6 (e), (j) and (v))	1,031,748	61	937,407	59
Gross profit from operations	660,602	39	664,546	41
Less: Net unrealized gains between affiliates	956	-	16,498	1
Net Gross profit from operations	659,646	39	648,048	40
Operating expenses (note 6 (c), (j), (p), (v) and 7))				
Selling expenses	235,437	14	202,244	13
Administrative expenses	196,013	11	184,730	12
Research and development expenses	187,860	11	246,360	15
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(20,562)	(1)	23,224	1
	598,748	35	656,558	41
Net operating income (loss)	60,898	4	(8,510)	(1)
Non-operating income and expenses:				
Non-operating income:				
Interest income (note 6 (w))	72	-	166	-
Other income (note 6 (w) and 7)	15,018	1	18,357	1
Other gains and losses (note 6 (w), and 7)	1,223	-	1,523	-
Finance costs	(18,812)	(1)	(21,163)	(1)
Share of profit of associates accounted for using equity method	10,364	-	38,786	2
	7,865	-	37,669	2
Profit before income tax	68,763	4	29,159	2
Less: tax income (note 6 (q))	(18,650)	(1)	(33,275)	(2)
Profit	87,413	5	62,434	4
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
(Losses) gains on remeasurements of defined benefit plans (note (p))	(66)	-	316	-
	(66)	-	316	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(2,675)	-	(4,543)	-
Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (q))	-	-	-	-
	(2,675)	-	(4,543)	-
Other comprehensive income (after tax)	(2,741)	-	(4,227)	-
Comprehensive income	**$ 84,672**	**5**	**58,207**	**4**
Earnings per share (NT dollars) (note 6 (t))				
Basic earnings per share	**$ 1.45**		**1.06**	
Diluted earnings per share	**$ 1.44**		**1.03**	

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, 2021 and 2020

(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, 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**
Balance on January 1, 2021	$ 617,558	9,702	627,260	1,402,306	119,789	6,962	63,001	189,752	(15,550)	(138,141)	2,065,627
Profit for the year ended December 31, 2021	-	-	-	-	-	-	87,413	87,413	-	-	87,413
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	(66)	(66)	(2,675)	-	(2,741)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	87,347	87,347	(2,675)	-	84,672
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	6,275	-	(6,275)	-	-	-	-
Special reserve	-	-	-	-	-	4,795	(4,795)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	(51,578)	(51,578)	-	-	(51,578)
Employee stock options compensation costs	-	-	-	12,773	-	-	-	-	-	-	12,773
Employee stock options exercised	5,330	(9,702)	(4,372)	19,850	-	-	-	-	-	-	15,478
Advance receipts for share capital	-	15,083	15,083	-	-	-	-	-	-	-	15,083
Cash dividends of capital surplus	-	-	-	(72,706)	-	-	-	-	-	-	(72,706)
Balance on December 31, 2021	**$ 622,888**	**15,083**	**637,971**	**1,362,223**	**126,064**	**11,757**	**87,700**	**225,521**	**(18,225)**	**(138,141)**	**2,069,349**

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 68,763	29,159
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	138,787	147,594
Amortization expense	10,705	10,781
Expected credit (gain)/Provision for bad debt expense	(20,562)	23,224
Interest expense	18,812	21,163
Interest revenue	(72)	(166)
Share-based payments transactions	12,773	15,535
Share of loss (profit) of subsidiaries,associates and joint ventures accounted for using equity method	(10,364)	(38,786)
Gain on disposal of property, plant and equipment	(175)	(169)
Loss (gain) on lease modification	6	(12)
Net unrealized gains between affiliates	956	16,498
Total adjustments to reconcile profit	150,866	195,662
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(5,219)	(8,171)
Trade receivable	59,508	225,422
Trade receivables due from related parties	11,896	27,553
Other receivables	155	(261)
Other receivables due from related parties	82	299
Inventories	(74,202)	(83,334)
Other operating assets	(32,362)	(74,516)
	(40,142)	86,992
Changes in operating liabilities:		
Notes payable	5	849
Trade payable	4,918	(3,960)
Trade payable due from related parties	(375)	(1,200)
Other payables	59,720	(71,670)
Other payables due from related parties	(6,270)	(14,375)
Other operating liabilities	(8,520)	4,655
	49,478	(85,701)
Total changes in operating assets and liabilities	9,336	1,291
Total adjustments	160,202	196,953
Cash inflow generated from operations	228,965	226,112
Interest received	72	166
Interest paid	(18,624)	(21,141)
Income taxes returned (paid)	13,634	(11,266)
Net cash flows from (used in) operating activities	224,047	193,871
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(37,376)	(75,801)
(Increase) Decrease in refundable deposits	(25)	404
Acquisition of intangible assets	(147,094)	(166,995)
Increase in other financial assets	-	(200)
Increase in prepayments for business facilities	(98,505)	(52,495)
Net cash flows from (used in) investing activities	(283,000)	(295,087)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,662,674	2,118,616
Decrease in short-term borrowings	(1,638,706)	(2,106,415)
Decrease in short-term notes and bills payable	(40,000)	(160,000)
Proceeds from long-term borrowings	500,000	700,000
Repayments of long-term borrowings	(454,834)	(400,667)
Cash dividends paid	(124,284)	(118,664)
Increase in guarantee deposits	-	4
Payment of lease liabilities	(1,363)	(1,324)
Proceeds from exercise of employee stock options	30,562	67,972
Net cash flows from (used in) financing activities	(65,951)	99,522
Effect of exchange rate changes on cash and cash equivalents	461	5,348
Net (decrease) increase in cash and cash equivalents	(124,443)	3,654
Cash and cash equivalents at beginning of period	266,706	263,052
Cash and cash equivalents at end of period	**$ 142,263**	**266,706**

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, 2021 and 2020

(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 22, 2022.

(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 consolidated financial statements, from January 1, 2021:

- 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"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(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, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(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 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated 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 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”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(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.

(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.

(Continued)

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.

(Continued)

(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.

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.

(Continued)

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.

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.

(Continued)

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

The maximum period considered when estimating 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.

(Continued)

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.

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.

(Continued)

(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)

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 straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

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 constitute 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

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.

(i) 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.

(Continued)

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
- 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.

(Continued)

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, 2022; 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.

(ii) 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.

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.

(Continued)

(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）.

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.

(Continued)

(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 medical equipment companies, 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.

(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.

(Continued)

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.

(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.

(Continued)

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.

(p) Income taxes

Income taxes 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.

(Continued)

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 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.

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.

(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.

(Continued)

(r) Operating segments

Please refer to the consolidated financial statements of Bionime Corporation for the years ended December 31, 2021 and 2020.

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

The preparation of the financial statements 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).

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

		December 31, 2021	December 31, 2020
Petty cash and cash on hand	$	1,111	1,399
Demand deposits		141,152	265,307
Cash and cash equivalents in the statement of cash flow	**$**	**142,263**	**266,706**

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

(Continued)

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

Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Domestic unlisted common share- Bonraybio Co., Ltd.	$ 36,100	36,100

On January 1, 2021 and 2020, 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, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

As of December 31, 2021 and 2020, none of the financial assets of the Company had been pledged as collateral for borrowings.

(c) Notes and trade receivable

	December 31, 2021	December 31, 2020
Note receivables from operating activities	$ 16,773	11,554
Trade receivables-measured as amortized cost	343,083	410,991
Trade receivables-related parties-measured as amortized cost	70,622	82,518
Less：Loss allowance	(7,093)	(36,055)
	$ 406,612	457,454

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, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	363,359	- %	-
1 to 90 days past due	67,062	10.49 %	7,036
91 to 180 days past due	-	- %	-
More than 181 days	57	100 %	57
Past due	$ 430,478		7,093

(Continued)

	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**

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

	For the years ended December 31,	
	2021	**2020**
Balance on January 1	$ 36,055	12,831
Impairment losses recognized	-	23,224
Amounts written off	(8,400)	-
Impairment losses reversed	(20,562)	-
Balance on December 31	$ **7,093**	**36,055**

None of the receivables was discounted or pledged as collateral as of December 31, 2021 and 2020.

(d) Other receivables (including related parties)

	December 31, 2021	**December 31, 2020**
Other accounts receivable	$ 4,614	4,769
Other accounts receivable-related parties	-	82
	$ **4,614**	**4,851**

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

(e) Inventories

	December 31, 2021	**December 31, 2020**
Finished goods	$ 84,908	61,843
Less: Allowance for inventory valuation losses	(3,948)	(11,704)
	80,960	50,139
Work in progress	322,996	319,832
Less: Allowance for inventory valuation losses	(9,154)	(13,690)
	313,842	306,142
Raw materials	150,846	115,258
Less: Allowance for inventory valuation losses	(14,907)	(13,519)
	135,939	101,739
	$ **530,741**	**458,020**

(Continued)

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2021	**2020**
Cost of goods sold	$ 1,026,950	915,738
(Reversal of provision) provisions for inventory valuation and obsolescence	(10,905)	18,679
Losses on disposal of scrap	18,288	6,959
Gains on physical inventory	(252)	(281)
Gains on disposal of leftover bits and pieces	(2,333)	(3,688)
Operating costs recognized	**$ 1,031,748**	**937,407**

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, 2021 and 2020, 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, 2021	December 31, 2020
$ 193,595	**186,683**

(i) Subsidiary

Please refer to 2021 consolidated statement report.

(ii) As of December 31, 2021 and 2020, 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) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 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, 2021	$ 1,420,840	871,035	811,683	153,027	1,588	17,066	517,317	3,792,556
Additions	-	2,348	27,527	5,643	-	-	2,116	37,634
Disposal	-	-	(49,615)	-	-	-	(763)	(50,378)
Reclassification	-	-	8,461	6,190	-	-	1,482	16,133
Balance at December 31, 2021	**$ 1,420,840**	**873,383**	**798,056**	**164,860**	**1,588**	**17,066**	**520,152**	**3,795,945**
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
Disposal	-	-	(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**
Depreciation and impairment loss:								
Balance at January1, 2021	$ -	146,475	594,480	138,902	1,276	16,449	284,642	1,182,224
Depreciation for the year	-	23,253	63,583	13,021	144	531	36,890	137,422
Disposal	-	-	(49,615)	-	-	-	(759)	(50,374)
Balance at December 31, 2021	**$ -**	**169,728**	**608,448**	**151,923**	**1,420**	**16,980**	**320,773**	**1,269,272**
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
Disposal	-	-	(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**
Carrying amounts:								
Balance at December 31, 2021	**$ 1,420,840**	**703,655**	**189,608**	**12,937**	**168**	**86**	**199,379**	**2,526,673**
Balance at December 31, 2020	**$ 1,420,840**	**724,560**	**217,203**	**14,125**	**312**	**617**	**232,675**	**2,610,332**
Balance at January 1, 2020	**$ 1,420,840**	**743,793**	**210,815**	**26,798**	**456**	**2,182**	**254,903**	**2,659,787**

(i) Disclosures on pledges

As of December 31, 2021 and 2020, 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, 2021 and 2020, capitalized borrowing costs related to the construction of the new plant amounted to $803 thousand and $816 thousand, with a capitalization rate of 0.8923% to 0.9980% and 1.669% to 1.793%, respectively.

(Continued)

(h) 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, 2021	$	2,987	475	1,048	4,510
Additions		-	470	-	470
Disposal		-	(476)	-	(476)
Balance at December 31, 2021	**$**	**2,987**	**469**	**1,048**	**4,504**
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**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	$	1,230	296	366	1,892
Depreciation for the year		1,004	151	210	1,365
Disposal		-	(330)	-	(330)
Balance at December 31, 2021	**$**	**2,234**	**117**	**576**	**2,927**
Balance at January 1, 2020	$	245	155	157	557
Depreciation for the year		985	141	209	1,335
Balance at December 31, 2020	**$**	**1,230**	**296**	**366**	**1,892**
Carrying amount:					
Balance at December 31, 2021	**$**	**753**	**352**	**472**	**1,577**
Balance at December 31, 2020	**$**	**1,757**	**179**	**682**	**2,618**
Balance at January 1, 2020	**$**	**2,689**	**52**	**891**	**3,632**

(i) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Company for the years ended December 31, 2021 and 2020 were as follows:

		Computer software	Development cost	Total
Costs:				
Balance at January 1, 2021	$	28,212	191,404	219,616
Additions		10,790	-	10,790
Acquisition internally developed		-	136,304	136,304
Disposal		(4,869)	-	(4,869)
Balance at December 31, 2021	**$**	**34,133**	**327,708**	**361,841**

(Continued)

		Computer software	Development cost	Total
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**
Amortization and Impairment Loss:				
Balance at January 1, 2021	$	14,047	-	14,047
Amortization for the year		10,705	-	10,705
Disposal		(4,869)	-	(4,869)
Balance at December 31, 2021	**$**	**19,883**	**-**	**19,883**
Balance at January1, 2020	$	9,133	-	9,133
Amortization for the year		10,781	-	10,781
Disposal		(5,867)	-	(5,867)
Balance at December 31, 2020	**$**	**14,047**	**-**	**14,047**
Carrying amounts:				
Balance at December 31, 2021	**$**	**14,250**	**327,708**	**341,958**
Balance at December 31, 2020	**$**	**14,165**	**191,404**	**205,569**
Balance at January 1, 2020	**$**	**14,055**	**35,218**	**49,273**

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, 2021, the Company capitalized $327,708 thousand.

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

		2021	2020
Operating costs	**$**	**307**	**467**
Operating expenses	**$**	**10,398**	**10,314**

(ii) Disclosures on pledges

As of December 31, 2021 and 2020, none of the intangible assets of the Company had been pledged as collateral.

(Continued)

(j) 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, 2021	December 31, 2020
Other financial assets:			
Other current financial assets	$	**200**	**200**
Other Current assets:			
Overpaid sales tax	$	4,657	5,407
Temporary payments		5,684	3,056
Others		2,358	799
	$	**12,699**	**9,262**
Other non-current assets:			
Other non-current assets－other	$	**46,090**	**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(x).

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

(k) Short-term notes and bills payable

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

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

(Continued)

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 457,778	383,349
Secured bank loans	50,000	100,000
	$ 507,778	**483,349**
Unused credit line	**$ 1,283,972**	**1,057,151**
Range of Interest rates	**0.6846%~1.1100%**	**0.6086%~2.8938%**

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

(m) Other current liabilities

The details were as follows:

	December 31, 2021	December 31, 2020
Contract liability	$ 2,016	13,581
Temporary receipts	3,336	536
Others	284	39
	$ 5,636	**14,156**

(n) Long-term borrowings

The details were as follows:

	December 31, 2021			
	Currency	**Interest rates**	**Maturity year**	**Amount**
Secured bank loans	NTD	1.00%	2023~2030	$ 1,467,291
Unsecured bank loans	NTD	1.10%	2023	50,000
Less: current portion				(361,083)
Total				**$ 1,156,208**
Unused credit line				**$ -**

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

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

(Continued)

(o) Lease liabilities

The lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 1,126	1,343
Non-current	$ 465	1,280

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

The amounts recognized in profit or loss was as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 23	38
Expenses relating to short-term leases	$ 5,885	6,093

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

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	$ 7,271	7,455

(i) Real estate leases

As of December 31, 2021, 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 short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

(p) Employee Benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 4,060	3,919
Fair value of plan assets	$ (4,599)	(4,371)
Net defined benefit liabilities (assets)	**$ (539)**	**(452)**

The Company's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Short-term vacation liability	**$ 9,012**	**7,848**

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.

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 $4,598 thousand as of December 31, 2021. 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:

	2021	2020
Defined benefit obligation at January 1	$ 3,919	4,090
Current service costs and interest cost	35	45
Remeasurements loss (gain):		
Actuarial loss (gain) arising from:		
－financial assumptions	106	(216)
Defined benefit obligations at December 31	**$ 4,060**	**3,919**

(Continued)

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:

		2021	2020
Fair value of plan assets at January 1	$	4,371	4,075
Interest income		40	46
Contributions paid by the employer		150	150
Remeasurements loss (gain):			
－Return on plan assets excluding interest income		38	100
Fair value of plan assets at December 31	$	4,599	4,371

4) Expenses recognized in profit or loss

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

		2021	2020
Net interest of net liabilities for the defined benefit obligations	$	(5)	(1)
Administration expenses	$	(5)	(1)

5) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.60 %	0.90 %
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 thousand.

The weighted average lifetime of the defined benefit plans is 20.8 years.

6) Sensitivity analysis

As of December 31, 2021 and 2020, 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, 2021			
Discount rate	$	(199)	211
		Increase 1.00%	Decrease 1.00%
Future salary increasing rate	$	891	(732)

(Continued)

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

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 2021 and 2020.

(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.

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of $2,101 thousand and $2,061 thousand for the years ended December 31, 2021 and 2020, respectively, were transferred to intangible assets as they were eligible for capitalization, please refer to note 6(i), and the remaining pension costs are $21,077 thousand and $21,035 thousand separately.

(q) Income Taxes

(i) Income Tax Income

The Company of income tax in the years 2021 and 2020 were as follows:

		2021	2020
Current income tax expense			
Adjustment for prior periods	$	3,286	(7,911)
5% surtax on un-distributed earnings		5	9
		3,291	(7,902)
Deferred tax expense			
Origination and reversal of temporary differences		(21,941)	(25,373)
Tax income	**$**	**(18,650)**	**(33,275)**

None of the amount of income tax recognized in other comprehensive income for 2021 and 2020.

(Continued)

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows.

		2021	2020
Profit excluding income tax	**$**	**68,763**	**29,159**
Income tax using the Company's domestic tax rate	$	13,753	5,832
Non-deductible expenses		761	26
Book-tax income differences of the revenue and expense		(27,028)	(31,543)
Investment income recognized under equity method		(2,073)	(7,757)
Changes in unrecognized temporary differences		(6,402)	8,069
Prior years income tax adjustment		3,286	(7,911)
Adjustment of deferred tax assets for prior years		(952)	-
Surtax on undistributed earnings		5	9
	$	**(18,650)**	**(33,275)**

(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, 2021	December 31, 2020
Tax effect of deductible temporary differences	**$**	**5,712**	**12,114**

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, 2021 and 2020. 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, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	**$**	**257,962**	**270,923**
Unrecognized deferred tax assets	**$**	**51,592**	**54,185**

(Continued)

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, 2021 and 2020. 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, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ 25,305	27,902
Unrecognized deferred tax liabilities	$ 5,061	5,580

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 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	Reserve liability	Total
Balance at January 1, 2021	$ 3,891	-	3,866	20,582	-	28,339
Recognized in profit or loss	(1,090)	-	155	23,075	57	22,197
Balance at December 31,2021	**$ 2,801**		**4,021**	**43,657**	**57**	**50,536**
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**

Deferred Tax Liabilities:

	Unrealized foreign exchange loss	Others	Total
Balance at January 1, 2021	$ 36	127	163
Recognized in profit or loss	226	30	256
Balance at December 31, 2021	**$ 262**	**157**	**419**
Balance at January 1, 2020	$ -	96	96
Recognized in profit or loss	36	31	67
Balance at December 31, 2020	**$ 36**	**127**	**163**

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Continued)

As of December 31, 2021, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date	Remark
2020	$ 107,675	2030	Number of declarations
2021	112,287	2031	Number of declarations
	$ 219,962		

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the Tax Authority.

(r) Capital and Other Equity

As of December 31 2021 and 2020, the numbers of authorized ordinary shares were 100,000 thousand shares, with par value of $10 per share. The total value of authorized ordinary shares amounted to $1,000,000 thousand (and of which $60,000 thousand was reserved for the exercising of employee share options for each year). As of the date, 62,289 thousand (2019: 61,756 thousand) of ordinary thousand shares amounted to $622,888 thousand (2019: $617,558 thousand) were issued.

Reconciliation of shares outstanding for 2021 and 2020 was as follows:

(in thousands of shares)

	Ordinary Shares	
	2021	**2020**
Balance on January1	61,756	59,670
Exercise of share options	533	2,086
Balance on December 31	**62,289**	**61,756**

(i) Ordinary shares

The Company issued 68 thousand, 173 thousand, 231.5 thousand and 145.2 thousand new shares for employee stock options, with a par value of $10 per share. The shares were exercised at $46.4, $46.6, $48 and $56.7 per share, with the carrying values of $3,155 thousand, $8,062 thousand, $11,112 thousand and $8,233 thousand, respectively, in 2021.

Among the shares exercised, 68 thousand shares and 164 thousand shares had the exercise prices of $46.4 and $48, respectively, which were registered on June 24, 2021. 40.5 thousand shares had the exercise prices of $48 which were registered on August 30, 2021. In addition, 26 thousand shares and 27 thousand shares had the exercise prices of $46.6 and $48, respectively, which were registered on November 15, 2021. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of $15,083 thousand from the remaining 292.2 thousand unregistered shares had been collected for the year ended December 31, 2021. 207.5 thousand shares which had issued in 2020 were registered on February 18, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

The Company issued 836 thousand, 183 thousand, 346 thousand and 62.5 thousand 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 per share, with the carrying values of $39,877 thousand、$9,040 thousand、$16,054 thousand and $3,000 thousand, respectively, in 2020.

(Continued)

Among the shares exercised, 804 thousand shares and 182 thousand shares had the exercise prices of $47.7 and $49.4, respectively, which were registered on May 18, 2020. In addition, 190 thousand shares and 44 thousand shares had the exercise prices of $46.4 and $48, respectively, which were registered on October 19, 2020. The payment for all of the above shares have been received as of the reporting date. Furthermore, the amount of $9,702 thousand from the remaining 207.5 thousand 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 February 18, 2021. All the relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	**December 31, 2020**
Share capital	$ 1,100,804	1,173,510
Share capital of Employee share options	107,083	87,233
Employee share options	55,437	48,865
Expired options	98,884	92,683
The variation of ownership recognized in the subsidiary	15	15
	$ 1,362,223	**1,402,306**

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.

The Company has determined to distribute $72,706 thousand and $29,073 thousand as cash dividends out of APIC (Additional Paid-In Capital) on August 30, 2021 and June 30, 2020 with approval subjected to the stockholders' meeting, respectively.

(iii) Retained Earnings

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

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

(Continued)

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 $11,757 thousand and $6,962 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on August 30, 2021 and June 30, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 0.83	51,578	1.51	89,591

The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting and shareholders’ meeting on March 22, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2021	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 1.25	75,753

(iv) Treasury shares

As of December 31, 2021, 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 thousand.

(Continued)

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, 2021	$	(15,550)
Exchange differences on foreign operations		(2,675)
Balance at December 31, 2021	**$**	**(18,225)**
Balance at January 1, 2020	$	(11,007)
Exchange differences on foreign operations		(4,543)
Balance at December 31, 2020	**$**	**(15,550)**

(s) Share-Based Payment

(i) Employee stock options

As of December 31, 2021, 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:

	2021		
	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	46.6	56.7
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)

	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	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%

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:

	2021		2020	
(in dollars)	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at January 1	$ 56.87	3,160,000	55.45	4,880,000
Granted during the year (number)		-		-
Forfeited during the year (number)		(400,800)		(292,000)
Exercised during the year (number)		(617,700)		(1,427,500)
Expired during the year (number)		(6,500)		(500)
Outstanding at December 31	**56.70**	**2,135,000**	**56.87**	**3,160,000**
Exercisable at December 31		**2,135,000**		**3,160,000**

(ii) Employee recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2021 and 2020 were as follows:

	2021	**2020**
Expenses resulting from granted employee share options	**$ 12,773**	**15,535**

(Continued)

(t) Earnings per Share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31 2021 and 2020 were based on the profit attributable to ordinary shareholders of the Company amounting to $87,413 thousand and $62,434 thousand, respectively; and the weighted average number of ordinary shares outstanding of 60,078 thousand shares and 59,176 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **87,413**	**62,434**

2) Weighted average number of ordinary shares

	2021	2020
Weighted-average number of ordinary shares at December 31	**60,078**	**59,176**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 were based on profit attributable to ordinary shareholders of the Company amounting to $87,413 thousand and $62,434 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,827 thousand shares and 60,376 thousand shares were calculated as follows:

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

	2021	2020
Profit attributable to ordinary shareholders of the Company (diluted)	$ **87,413**	**62,434**

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

	2021	2020
Weighted-average number of ordinary shares (basic)	60,078	59,176
Effect of dilutive potential ordinary shares		
Effect of issuance of employee share options	611	1,128
Effect of employee share bonus	138	72
Weighted-average number of ordinary shares (diluted) at December 31	**60,827**	**60,376**

(Continued)

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2021	2020
Primary geographical markets			
China	$	238,309	158,956
Switzerland		234,484	235,501
United State		148,685	139,932
Algeria		141,809	251,468
Egypt		76,253	96,809
Other		852,810	719,287
	$	**1,692,350**	**1,601,953**

		2021	2020
Major products			
Meter and Strips	$	**1,692,350**	**1,601,953**

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

(ii) Contract balances

		2021	2020
Contract liabilities (under other current liabilities)	$	**2,016**	**13,581**

The amount of revenue recognized for the years ended December 31, 2021 sand 2020 that was included in the contact liability balance at the beginning of the period were $13,581 thousand and $1,228 thousand, respectively.

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

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

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $10,000 thousand and $2,200 thousand and directors and supervisors remuneration amounting to $2,430 thousand, and $500 thousand 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 2021 and 2020. 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 2021 and 2020.

(Continued)

(w) Non-operating Income and Expenses

(i) interest income

The details of interest income for the years 2021 and 2020 were as follows:

	2021	2020
Interest income from bank deposits	$ **72**	**166**

(ii) Other income

The details of other income for the years 2021 and 2020 were as follows:

	2021	2020
Rent income	$ 487	548
Other income－others	14,531	17,809
	$ **15,018**	**18,357**

(iii) Other gains and losses

The details of other gains and losses for the years 2021 and 2020 were as follows:

	2021	2020
Foreign exchange gains	$ 1,054	1,342
Gains on disposals of property, plant and equipment	175	169
(Loss) profit of lease modification	(6)	12
	$ **1,223**	**1,523**

(iv) Finance costs

The details of financial costs for the years 2021 and 2020 were as follows:

	2021	2020
Interest expenses-bank loans	$ 18,789	21,125
Interest of lease liabilities	23	38
	$ **18,812**	**21,163**

(x) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk mainly derived from the carrying amount of financial assets recognized in the balance sheet.

(Continued)

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, 2021 and 2020, 38% and 60%, 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 (j).

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

(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, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 1,517,291	1,532,505	415,234	382,580	542,791	191,900
Unsecured bank loans	507,778	512,849	462,299	50,550	-	-
Notes and trade payables (including related parties)	149,805	149,805	149,805	-	-	-
Other payables (including related parties)	280,234	280,234	280,234	-	-	-
Payable on machinery and equipment	13,152	13,152	13,152	-	-	-
Lease liabilities (Current and Non-Current)	1,591	1,604	1,135	375	94	-
	$ 2,469,851	**2,490,149**	**1,321,859**	**433,505**	**542,885**	**191,900**

(Continued)

	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

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

(iii) Market risk

1) Currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
Financial assets						
Monetary items						
USD	USD 11,801	27.67	326,534	USD 14,827	28.10	416,639
EUR	EUR 3,253	31.37	102,047	EUR 3,161	34.53	109,149
Financial liabilities						
Monetary items						
USD	USD 10,930	27.67	302,433	USD 11,725	28.10	329,473
EUR	EUR 2,694	31.37	84,511	EUR 2,197	34.53	75,862

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.

(Continued)

A strengthening (weakening) of 0.5% of the NTD against the USD and the EUR as of December 31, 2021 and 2020, would have (decreased) increased the net profit after tax by $167 thousand and $482 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2021 and 2020, the foreign exchange gain (including realized and unrealized portions) amounted to $1,054 thousand and $1,342 thousand, 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.

If the interest rate had increased / decreased by 0.5%, the Company's net income would have increased / decreased by $8,100 thousand and $7,822 thousand for the year ended December 31, 2021 and 2020, 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:

(Continued)

BIONIME CORPORATION
Notes to the Financial Statements

	December 31, 2021				
		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	$ 142,263	-	-	-	-
Notes and trade receivable (including related parties)	423,385	-	-	-	-
Other receivables (including related parties)	4,614	-	-	-	-
Other financial assets-current	200	-	-	-	-
	570,462	-	-	-	-
	$ 606,562	**-**	**-**	**36,100**	**36,100**
Financial liabilities at amortized cost					
Short-term borrowings	$ 507,778	-	-	-	-
Notes and trade payables, and other payables (including related parties)	430,039	-	-	-	-
Payable on machine and equipment	13,152	-	-	-	-
Lease liabilities (Current and Non-current)	1,591	-	-	-	-
Long-term borrowings, including current portion	1,517,291	-	-	-	-
	$ 2,469,851	**-**	**-**	**-**	**-**

	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 receivables (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**

(Continued)

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized					
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	**-**	**-**	**-**	**-**

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 2021 and 2020.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2021 (i.e. December 31, 2021)	**$ 36,100**
Opening balance, January 1, 2020 (i.e. December 31, 2020)	**$ 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".

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income － equity investments without an active market	Discounted Cash Flow Method	• Forecast annual revenue growth rate（December 31, 2021；12%~100%） • Weight average capital cost（December 31, 2021；10.08%）	• the annual revenue growth rate was higher, the fair value was higher • the weight average capital cost was higher, the fair value was lower

(y) 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.

(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.

(Continued)

(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, 2021, no guarantees were outstanding (2020: none).

(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, 2021 and 2020, the Company's unused credit lines were amounted to \$1,283,972 thousand and \$1,057,151 thousand, respectively.

(Continued)

(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 (NTD)、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.

3) Other market price risk

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

(Continued)

(z) 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, 2021, the Company's capital management strategy is consistent with that of the prior year as of December 31, 2020, 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, 2021	December 31, 2020
Total liabilities	$ 2,483,135	2,402,076
Less: cash and cash equivalents	142,263	266,706
Net debt	**$ 2,340,872**	**2,135,370**
Total equity	**$ 2,069,349**	**2,065,627**
Total capital	**$ 4,410,221**	**4,200,997**
Debt-to-equity ratio at 31 December	**53.08%**	**50.83%**

(aa) 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, 2021 and 2020, were as follows:

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

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

			Non-cash changes				
	January 1,2021	Cash flows	Additions	Foreign exchange movement	Release the lease	(Profit) loss of lease modification	December 31,2021
Long-term borrowings	$ 1,472,125	45,166	-	-	-	-	1,517,291
Short-term borrowings	483,349	23,968	-	461	-	-	507,778
Lease liabilities (current and non-current)	2,623	(1,363)	470	-	(145)	6	1,591
Total liabilities from financing activities	**$ 1,958,097**	**67,771**	**470**	**461**	**(145)**	**6**	**2,026,660**

(Continued)

	January 1,2020	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement	Non-cash changes: Release the lease	Non-cash changes: Profit (loss) 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**

(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

(b) Significant transactions with related parties

(i) Sales

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

	2021	2020
Subsidiary	$ 266,406	185,776
Key management personnel of the Company -Tonghua Dongbao	46,461	56,915
	$ 312,867	**242,691**

(Continued)

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 Bionine (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 45 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:

	2021	2020
Subsidiary	$ 1,440	2,878

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, 2021	December 31, 2020
Trade receivables	Subsidiary	$ 70,622	82,518
Other receivables	Subsidiary:		
	Bionime Shenzhen	-	79
	Others	-	3
		$ 70,622	82,600

As of December 31, 2021 and December 31, 2020, the expenses of the Company for the subsidiaries were $0 and $82 thousand (account for other receivables - related party).

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Trade payables	Subsidiary	$ -	375
Other payables	Subsidiary:		
	Bionime GmbH	19,967	20,512
	Bionime Pingtan	1,677	343
Other payables	Key management personnel of the company－Tonghua Dongbao	3,399	10,458
		$ 25,043	31,688

(Continued)

(v) Others (account for other current liabilities)

The others to related parties were as follows:

Account	Relationship		December 31, 2021	December 31, 2020
Temporary receipts	Subsidiary	$	209	227
Advance sales receipts	Key management personnel of the Company－Tonghua Dongbao		-	8,633
		$	**209**	**8,860**

(vi) Other Related Parties

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

		2021	2020
Bionime GmbH	$	20,007	26,262
Other related parties－Juyi		5,124	21,842
	$	**25,131**	**48,104**

2) The company sold equipment to subsidiaries in 2015, and disposed of the price and disposal benefits were $2,078 thousand and $1,455 thousand respectively, and deferred recognition of unrealized disposal benefits were $1,455 thousand. In 2021 and 2020, the amortization of assets based on the useful life of the assets was recognized as the realized gain of assets for sale was $179 thousand. For more details information on Property, plant and equipment, please refer to Note 6(g).

3) The sales expense was $12,990 thousand in 2021, which caused by signing technical service contract with subsidiary of the Company-Bionime Shenzhen 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.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2021	2020
Short-term employee benefits	$	9,300	6,955
Post-employment benefits		-	-
Termination benefits		-	-
Other long-term employee benefits		-	-
Share-based payments		920	991
	$	**10,220**	**7,946**

(Continued)

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment	Guarantee for bank loans	$ 2,124,495	2,145,399
Other financial assets-current	Purchase deposit	200	200
		$ 2,124,695	2,145,599

(9) Significant commitments and contingencies

(a) Unrecognized contractual commitments are as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 14,032	20,184

(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, Bionine (Pingtan) Limited Company, has been delegated to buy back the remaining unsold exclusive models, and sell them to customers in China.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

(12) Other

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

By function / By item	2021			2020		
	Operating Costs	**Operating Expenses**	**Total**	**Operating Costs**	**Operating Expenses**	**Total**
Employee benefits						
Salary	323,019	216,080	539,099	306,949	188,840	495,789
Labor and health insurance	32,986	16,927	49,913	30,001	17,207	47,208
Pension	12,973	8,099	21,072	12,620	8,415	21,035
Remuneration of directors	-	3,751	3,751	-	1,333	1,333
Others	18,940	12,065	31,005	18,704	12,525	31,229
Depreciation	109,960	28,827	138,787	115,787	31,807	147,594
Amortization	307	10,398	10,705	467	10,314	10,781

The additional information of the numbers of employee and employee benefits in 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
The number of employees	998	987
Directors were not serving as employees	6	6
Average of employee benefits	$ 647	607
Average of employee salary expenses	$ 544	505
Adjustment of the average of employee salary expenses	7.72%	(9.34)%
Remuneration of supervisors	$ 1,609	573

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

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

(ii) 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)

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(b) The explanation of current asset less than current liability on December 31, 2021 were as follows:

As of December 31, 2021, current assets were less than current liabilities mainly because of the Company's short-term and long-term bank loans due within one year. If the liabilities of bank loans are excluded, the current assets are still greater than the current payables, and the review of bank loans is based on the information from the consolidated financial statements as a reference for whether to approve loans or not.

The Company's cash flow in the coming year, taking into account the amount of bank loans and the extension of bank loans, the Company estimates that the short-term capital income in the coming year will be sufficient to meet the operating expenses.

(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

(Continued)

(iii) Securities held as of December 31, 2021 (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				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The company	Ordinary-Bonraybio Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses-non-current	960	36,100	5.95%	36,100	960	5.95%	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 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	(191,848)	(11.34)%	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	54,815	12.95%	

(viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(Continued)

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (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 December 31, 2021	Original investment amount December 31, 2020	Balance as of December 31, 2021 Shares (thousands)	Balance as of December 31, 2021 Percentage of ownership	Balance as of December 31, 2021 Carrying value	Highest balance during the year Shares/Units (thousand)	Highest balance during the year Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The company	Bionime GmbH	Switzerland	Merchandise trading	CHF300	CHF300	Note1	100 %	21,087	Note1	100 %	940	940	Note4
The company	Bionime Incorporated (B.V.I)	British Virgin Islands	Investing and holding	USD3,090	USD3,090	3.09	100 %	80,618	3.09	100 %	(7,259)	(7,259)	Note4
The company	Bionime USA Corporation	America	Merchandise trading	USD11,150	USD11,150	1,115	100 %	80,479	1.115	100 %	12,991	12,991	Note4
The company	Bionime Australia Pty Limited	Australia	Merchandise trading	AUD350	AUD350	Note2	100 %	(49)	Note2	100 %	(30)	(30)	Note4
The company	Bionime (Malaysia) Sdn.Bhd	Malaysia	Merchandise trading	MYR1,046	MYR1,046	Note3	66.06%	11,460	Note3	66.06 %	5,634	3,722	Note4

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, 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, 2021	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Bionime (Shenzhen) Limited Company	Merchandise trading	USD2,300	Note 1	USD850	-	-	USD850	(7,244) (Note3)	100%	100%	(7,244)	85,435	USD2,087 (NTD63,084)
Bionime (Pingtan) Limited Company	Merchandise trading and manufacturing	RMB$20,000	Note 2	-	-	-	-	5,284 (Note3)	100%	100%	5,284	86,168	-

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD850 (NTD 27,520)	USD 2,300 (NTD70,863)	NTD1,241,609

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, are disclosed in the "Information on significant transactions".

(d) Major shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Tonghua Dongbao Pharmaceutical Co., Ltd.	12,000,000	19.17 %
Hua Eng Wire And Cable Co., Ltd.	7,807,900	12.47 %

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

Please refer to 2021 consolidated financial report.

BIONIME CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Foreign currency	Exchange rate	Amount
Cash	Petty cash and cash on hand			$ 1,111
Cash in bank	Demand deposit			95,954
	Foreign currencies－USD	879,101.58	27.67	
	Foreign currencies－EUR	479,322.65	31.37	
	Foreign currencies－CHF	4,182.89	30.23	
	Foreign currencies－AUD	270,803.83	20.08	
	Foreign currencies－JPY	145	0.24	
	Foreign currencies－CNY	32,427.22	4.34	
	Foreign currencies－SGD	6,448.48	20.47	45,198
				$ 142,263

BIONIME CORPORATION

Statement of Notes and Trade Receivables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Notes receivable－Non-Related Parties		
TWGT54	Operating	$ 3,878
TWGT58	Operating	3,500
TWGK23A	Operating	1,216
TWGK11	Operating	1,109
Others (Note2)	Operating	7,070
		16,773
Trade receivable－Related Parties		
Bionime (Pingtan) Limited Company	Operating	54,815
Bionime (MALAYSIA) Sdn Bhd.	Operating	8,711
Bionime USA Corporation	Operating	7,096
		70,622
Trade receivable－Non-Related Parties		
AFEG01	Operating	44,579
WECH03	Operating	32,650
EUCH004	Operating	30,599
EEBY01	Operating	29,964
AFTN01	Operating	26,791
EUAE004	Operating	22,828
EUE3001	Operating	22,753
AFMA01	Operating	20,831
EEHR01	Operating	17,690
Others (Note2)	Operating	94,398
		343,083
Less：Loss allowance		(7,093)
		335,990
		$ 423,385

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, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other Receivables	Other Receivables	$ 1,286
	Tax Refund Receivables	3,328
		$ 4,614

Statement of Inventories

Item	Amount: Cost	Amount: Net realizable value	Note
Finished goods	$ 84,908	211,408	Price by realizable value
Work in process	322,996	537,404	Price by realizable value
Materials	150,845	139,842	Price by realizable value
	558,749	**888,654**	
Less：Loss allowance	(28,008)		
	$ 530,741		

BIONIME CORPORATION

Statement of Prepayments and other current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments to purchases	Prepayments to Suppliers	$ 78,195
Other prepayments－current	Prepaid royalty	7,550
	Others	2,628
		88,373
Other current assets	Overpaid sales tax	4,657
	Temporary payments	5,684
	Others (Note)	2,358
		12,699
		$ 101,072

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, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Investment 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	-	$ 21,243	-	-	-	-	940	(1,096)	-	-	100	21,087	None
Bionime Incorporated(B.V.I)	3.09	88,341	-	-	-	-	(7,259)	182	(646)	3.09	100	80,618	"
Bionime USA Corporation	1,115	67,901	-	-	-	-	12,991	(1,104)	691	1,115	100	80,479	"
Bionime Australia Pty Limited	-	(22)	-	-	-	-	(30)	3	-	-	100	(49)	"
Bionime (Malaysia) Sdn Bhd	-	9,220	-	-	-	-	3,722	(660)	(822)	-	66.06	11,460	"
		$ 186,683		**-**		**-**	**10,364**	**(2,675)**	**(777)**			**193,595**	

Note：Unrealized Sales income changes.

BIONIME CORPORATION

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2021

(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	871,035	2,348	-	-	873,383	"
Machinery equipment	811,683	27,527	49,615	8,461	798,056	-
Molding equipment	153,027	5,643	-	6,190	164,860	-
Transportation equipment	1,588	-	-	-	1,588	-
Leasehold Improvements	17,066	-	-	-	17,066	-
Office and other equipment	517,317	2,116	763	1,482	520,152	-
	3,792,556	37,634	(50,378)	16,133	3,795,945	
Accumulated Depreciation：						
Building and structures	146,475	23,253	-	-	169,728	
Machinery equipment	594,480	63,583	49,615	-	608,448	
Molding equipment	138,902	13,021	-	-	151,923	
Transportation equipment	1,276	144	-	-	1,420	
Leasehold Improvements	16,449	531	-	-	16,980	
Office and other equipment	284,642	36,890	759	-	320,773	
	1,182,224	137,422	(50,374)	-	1,269,272	
	$ 2,610,332	**(99,788)**	**(4)**	**16,133**	**2,526,673**	

Note：Prepayment for equipment and Inventory reclassification for $14,651 thousand and $1,482 thousand, respectively.

BIONIME CORPORATION

Statement of Refundable Deposit

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable Deposit	Rental deposit	**$ 2,175**

BIONIME CORPORATION

Statement of changes in Intangibles Assets

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Internal Development	Amortization	Ending Balance
Computer software	$ 14,165	10,780	-	10,705	14,250
Development cost	191,404	-	136,304	-	327,708
	$ 205,569	**10,780**	**136,304**	**10,705**	**341,958**

BIONIME CORPORATION

Statement of short-term borrowings

December 31, 2021

Creditors	Description	Ending Balance	Contract Period	Range of interest rate	Bank of Credit Line	Collateral
Bank A	Pledge loan	$ 50,000	Less one year	1.087%	400,000	Land, Building and Structures
Bank A	Unsecured loan	187,962	"	0.6846%~0.9046%	533,400	None
Bank B	"	124,327	"	0.7%~1.1%	250,000	"
Bank C	"	100,000	"	1.089%	100,000	"
Bank D	"	45,489	"	0.9%	83,010	"
		$ 507,778				

Statement of Notes and Trade Payables

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Notes Payable -Non-Related Parties：		
A Company	Operating	$ 798
B Company	〃	56
		854
Account Payable-Non-Related Parties：		
C Company	Operating	$ 11,765
D Company	〃	13,822
E Company	〃	14,923
Others (Note)	〃	108,441
		$ 148,951

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 Other Payables and Other Current Liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Salary and Wages Payable	$ 95,153
	Payback fee	52,834
	Others (Note)	107,204
		255,191
Other current liabilities	Temporary receipts	3,336
	Advance Sales Receipts	2,016
	Others (Note)	284
		5,636
		$ 260,827

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, 2021

(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	392,666	104.09.30~119.09.30	1%	Land, Buildings and Structures
Bank A	Mortgage loan	62,500	62,500	107.12.12~112.12.12	1%	"
Bank A	Mortgage loan	87,500	65,625	107.09.04~112.09.03	1%	"
Bank A	Mortgage loan	25,000	62,500	109.06.24~114.06.24	1%	"
Bank A	Mortgage loan	25,000	62,500	109.06.16~114.06.16	1%	"
Bank A	Mortgage loan	25,000	64,583	109.07.01~114.07.01	1%	"
Bank A	Mortgage loan	25,000	64,583	109.07.06~114.07.06	1%	"
Bank A	Mortgage loan	25,000	66,667	109.08.17~114.08.17	1%	"
Bank A	Mortgage loan	14,583	85,417	110.05.03~115.05.03	1%	"
Bank A	Mortgage loan	14,583	85,417	110.05.31~115.05.03	1%	"
Bank A	Mortgage loan	6,250	93,750	110.09.03~115.05.03	1%	"
Bank E	Credit loan	-	50,000	110.11.05~112.05.27	1.1%	None
		$ 361,083	**1,156,208**			

Statement of Operating Revenue

For the year ended December 31, 2021

Item	Quantity	Unit	Amount
Meter	1,143	thousand tables	$ 259,317
Strips	469,099	thousand pieces	1,382,957
Others			79,476
			1,721,750
Sales Returns			(23,155)
Sale Discounts and Allowances			(6,245)
Net Operating Revenues			**$ 1,692,350**

BIONIME CORPORATION

Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials beginning of year	$ 115,258
Add：Raw materials purchased	648,650
Gain on physical inventory	252
Less：Raw materials end of year	150,845
Raw materials sold and scrapped	11,355
Other	6,715
Raw materials used	595,245
Direct labor	268,712
Manufacturing overhead	332,246
Manufacturing costs	1,196,203
Add：work in process beginning of year	319,832
work in process purchased	1,427
Less：work in process end of year	322,996
work in process sold and scrapped	43,446
Transfer expense and other	118,825
Cost of finished goods	1,032,195
Add：Finished goods beginning of year	61,843
Less：Finished goods end of year	84,908
Finished goods scrapped	7,578
Other	4,204
Cost of manufacturing goods sold	997,348
Add：Sold raw materials and work in process cost	44,091
Inventory scrapped	18,288
Less：Gain on disposal of left-over bits and pieces	2,333
Gain from price recovery of inventory	10,905
Gain on physical inventory	252
Other	14,489
Operating cost	**$ 1,031,748**

BIONIME CORPORATION

Statement of Operating Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expense	Administration Expense	Research and Developed Expense
Salary	$ 47,334	98,960	75,146
Professional service fees	25,557	3,859	28,314
Advertisement	62,639	30	-
Depreciation	1,263	22,276	5,288
Research Materials	-	-	21,827
Laboratory fees	-	1,805	26,606
Insurance fees	6,258	11,048	5,235
Export fees	13,723	153	3
Shipping fees	34,126	93	426
Others (Note)	44,537	57,789	25,015
	$ 235,437	**196,013**	**187,860**

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

BIONIME CORPORATION

Statement of Non-Operating income and expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description		Amount
Non-Operating Income			
Interest income	Interest income of bank deposits	$	72
Gains on disposal and scrapped of fixed assets	Gains on disposal and scrapped of fixed assets		175
Net of gains on exchange	Net of foreign currency gains on exchange		14,531
Rent income	Rent revenue		487
Net of foreign exchange gains	Net of foreign exchange gains		1,054
Investment income	Investment gains recognized by the equity method		10,364
		$	**26,683**
Non-Operating Expenses			
Interest expenses	Interest expenses of loan	$	18,812
Loss of lease modification	Losses of lease modification		6
		$	**18,818**

VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position

(1) Financial Statements Comparison Analysis Table

Unit: NT$ Thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	1,457,309	1,389,717	(67,592)	-4.64%
Property, plant and equipment	2,620,183	2,536,803	(83,380)	-3.18%
Intangible assets	205,774	342,114	136,340	66.26%
Other assets	201,786	295,248	93,462	46.32%
Total assets	4,485,052	4,563,882	78,830	1.76%
Current liabilities	1,241,045	1,329,432	88,387	7.12%
Non-current liabilities	1,173,224	1,158,373	(14,851)	-1.27%
Total liabilities	2,414,269	2,487,805	73,536	3.05%
Capital stock	627,260	637,971	10,711	1.71%
Capital reserves	1,402,306	1,362,223	(40,083)	-2.86%
Retained earnings	189,752	225,521	35,769	18.85%
Other Equity	-148,535	-149,638	(1,103)	0.74%
Total shareholders' equity	2,070,783	2,076,077	5,294	0.26%

Analysis of any significant change: (The change is up to 20%, and amounted to NT$10 million)

(a) The company has developed a new product, a continuous blood glucose monitoring system-CGM, which has reached technical feasibility in 2019 and meets the requirements for recognition of IFRS Intangible assets. Therefore, the relevant expenses of the development stage of NT$327,708 thousand are capitalized and transferred to Intangible assets.

(b) Increase in other assets: due to the increase in deferred tax assets and other non-current assets.

(2) Where the effect is of material significance, the annual report shall describe the measures to be taken in response: The above-mentioned changes have no material impact on finance and business.

2. Financial performance

(1) Comparison Analysis Table for Results of Operations

Unit: NT$ Thousand

Item \ Year	2020	2021	Increased /decreased Amount	Percentage of change (%)
Operating revenues	1,684,933	1,867,675	182,742	10.85%
Less: Sales return and discount	16,347	17,751	1,404	8.59%
Net operating revenue	1,668,586	1,849,924	181,338	10.87%
Operating cost	919,461	1,066,793	147,332	16.02%
Gross profit	749,125	783,131	34,006	4.54%
Operating expense	728,004	707,837	(20,167)	-2.77%
Operating profit	21,121	75,294	54,173	256.49%
Non-Operating revenues and expenditures	9,990	-709	(10,699)	-107.10%
Net profit before tax	31,111	74,585	43,474	139.74%
Less: Income tax expense	(32,409)	(14,740)	17,669	-54.52%
Net Income	63,520	89,325	25,805	40.63%

Analysis of any significant change: (The change is up to 20%, and amounted to NT$10 million)

(1) Increase in operating profit: due to a decrease in operating expenses.

(2) Decrease in non-operating revenues and expenditures: due to the decrease in other income.

(3) Increase in net profit before tax and net income: due to the increase in operating profit.

(4) Decrease in income tax expense: due to the increase in operating profit in the current period and the adjustment of the previous and current income tax.

(2) The expected sales volume and its basis: Not applicable.

(3) The Company’s future financial performance for any possible impact:

According to the company's sustainable development, Bionime is committed to improving the company's competitiveness and fulfilling the corporate social responsibility. In addition to continuously promoting the automation of the production and improving the technology and quality of production based on existing operations, supplemented by the comprehensive promotion of meticulous management, the cost of department can be effectively reduced via measures such as effective improvement of manufacturing processes and operating procedures. The business strategies will continue to innovate Product and IoT development. Bionime will continue to strengthen the development of new markets, new channels, and new customers in the future, and expand the company's future operational growth momentum. Bionime will also improve the company's overall operational performance and expand the competitive advantages.

(4) Measures to be taken in response: Keep abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a timely manner.

3. Cash flow analysis

(1) Cash flow change analysis

Unit: NT$ Thousand

Opening balance (December 31, 2020)	The cash flow generated from operating activities (2021)	The cash flow from generated from investment and financing activities (2021)	Cash flow surplus (December 31, 2021)	Cash shortage contingency pl	
				Investment plan	Financing plan
343,247	269,722	357,367	253,085	-	-

Cash flow change analysis in 2021 is as follow

(a) Cash inflow from operating activities of NT$269,722 thousand: Mainly due to net cash surplus from operating activities.
Cash inflows from investment activities amounted to NT$ 288,070 thousand: Mainly due to the increase in the acquisition of intangible assets and prepayments for equipment.

(b) The cash inflow from financing activities of NT$69,297 thousand: It is due to the reduction of the long-term loans.

(2) Remedial measures and liquidity analysis for cash deficit: There is no cash deficit concerns.

(3) Cash flow analysis for the coming year: Not applicable.

4. Major capital expenditures during the most recent fiscal year: None

5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

(1) Re-investment policy of the Company:

The re-investment policies of the Company are followed by the relevant executive departments in accordance with the internal control system - “Investment Cycle” and “Acquisition and Disposal of Assets Procedures”, etc. The above-mentioned regulations or procedures are resolved by the board of directors or shareholders meeting.

(2) The main reasons for the profits or losses, improvement plans and future investment plan of re-investment:

(a) The subsidiary in Swiss is Bionime’s PO service center in Europe without any revenue. Currently, the local employees are helping to develop relevant markets in Europe. The expenses are mainly on the personnel costs and rent, which are positive surpluses every year.

(b) After six years of deployment in retailers, pharmacies, doctors' clinics and diabetes educators in the United States, the subsidiary in the US every year with the stable growth in the demands and sales of test strips.

(c) The Group's subsidiary in Mainland is the production base, brand promotion and customer service center of Bionime in China. Starting from the second half of 2020, the Group’s Mainland subsidiary will gradually take over the exclusive distribution rights in some parts of China from Tonghua Dongbao. Through this approach, we expect to provide customers with more focused and prompt services. Although there was still a loss in 2021, it is expected that through the fermentation of brand benefits, the company will gradually increase its revenue every year and turn losses into profits.

(d) Due to the years of operation at the subsidiary in Malaysia established in 2018, Bionime's blood glucose monitoring device has been highly recognized by many critical opinion leaders in this field in the local market. Through the promotion of clinics, chain pharmacies, individual pharmacies, distributors and other channels, it makes steady profits every year.

Also, the Company always keeps abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a timely manner.

(3) Investment plans for the coming year:

The Mainland second-tier subsidiary has been re-invested in Pingtan, Fujian by establishing a subsidiary as a production base in Mainland China. We expect to launch a new series of products in Mainland China during the second half of 2022 to seize new target customers. The Malaysian subsidiary is also expected to gradually integrate the Singapore market and related resources starting from the second quarter of 2022, to enhance the Group's regional efficiency and product visibility in Singapore and Malaysia.

6. Risk and evaluation in the most recent fiscal year and up to the publication of the annual

(1) The impact of changes in the interest rate, fluctuation of exchange rate, inflation rate on the Company’s profits (losses) and countermeasures to be taken in the future:

(a) The effect upon the Company's profits (losses) of interest rate fluctuations and countermeasures to be taken in the future

Item	2021	2022Q1
Net operating revenue	1,849,924	475,646
Net income	89,325	14,042
Net interest income and expenditure	(18,338)	(5,468)
Net operating revenue ratio	-0.99%	-1.15%
Net income ratio	-20.53%	-38.94%

The net interest income and expenditure of 2020 accounted for approximately (0.99)% and (20.53)% of the Company’s and its subsidiaries’ revenue and net income. The net interest income and expenditure of the first quarter of 2021 accounted for approximately (1.15)% and (38.94) of the Company’s and its subsidiaries’ revenue and net income. Therefore, the interest rate fluctuations have a significant impact on the revenue and profit of the Company and its subsidiaries.

In response to the risk of interest rate fluctuations, the Company will continue to pay attention to the future trends of the interest rate in the market and collect interest rate information of banks. It timely evaluates the interest rate of the current loans, and continues to establish good relations with banks. By presenting good bank financing credit record, it could obtain a relatively preferential interest rate of loans. When financing is needed, plan appropriate long-term and short-term bank loans depending on the actual capital requirements, to minimize the risks caused by fluctuations in interest rates and capital costs to the Company's operations.

(b) The effect upon the Company's profits (losses) of exchange rate fluctuations and countermeasures to be taken in the future

Unit: NT$ Thousand

Net operating revenue	2021	2022Q1
Net Income	1,849,924	475,646
Net exchange gains and losses	89,325	14,042
Net operating revenue ratio	939	814
Net income ratio	0.05%	0.17%
Net operating revenue	1.05%	5.80%

The operating revenue of the Company and its subsidiaries is mainly denominated in US dollars and Euros. Therefore, the depreciation of US dollar or the Euro against the New Taiwan dollar will result in reduction of the profit of the Company and its subsidiaries. In order to reduce the impact of fluctuation of exchange rate on the profit and loss of the Company and its subsidiaries, the Accounts Department of the Company also collects information on exchange rate at any time, focuses on the trend and changes of major currencies in the international currency market to grasp the exchange rate trend, and maintain a good interactive relationship with the bank in order to get more extensive information on foreign exchange and more favorable exchange rate quotes. In terms of strategy, the balance of foreign currency assets and liabilities should be achieved as much as possible to achieve the effect of natural hedging, and reduce the impact of exchange rate fluctuations on the Company’s profit and loss.

(c) The impact of changes in the inflation rate on the Company’s profits (losses) and countermeasures to be taken in the future

The increase in domestic and international prices will lead to an increase in the Company’s purchasing costs, which may adversely affect the Company's profitability. However, the Company has more than one supplier. In the future, the Company will pay close attention to the inflation situation, and negotiate with different suppliers to reduce the impact of inflation on the Company.

(2)The Company’s policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future: None.

(3)Research and development work to be carried out in the future, and further expenditures expected for research and development work:

For the details of R&D situation, please refer to the detailed explanation in V. Operational Highlights. The R&D expenditures of the Company in 2021 was NT$ 187,860 thousand, and the estimated R&D expenditures in 2022 is NT$210,856 thousand. The main factors affecting the success of future R&D are the R&D capabilities of R&D personnel and the mastery of software and hardware systems. It is believed that the experience accumulated of the R&D team of the Company will surely competently perform this important task, and continues to develop competitive products.

(4)Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and countermeasures to be taken:

In response to the subsequent revision of the guidelines for various operations by domestic and foreign authorities, the Company has actively cooperated with it, and currently, it has no significant impact on the financial operations.

(5)Effect on the Company’s financial operations of developments in science and technology as well as industrial change, and countermeasures to be taken:

The Company has always attached great importance to the improvement of R&D capabilities, paying attention to the evolution of technology in the industry, and commencing the evaluation and R&D of various products to meet market demand. It is evaluated that the developments in science and technology have no significant impact on the Company's financial operations in the near future.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and countermeasures to be taken:

As of the publication of the annual report, there is no major events affecting the Company’s corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures being or to be taken: None.

(8) Expected benefits and possible risks associated with any plant expansion, and countermeasures being or to be taken: None.

(9) Risks associated with any consolidation of sales or purchasing operations, and countermeasures being or to be taken:

(a) Purchasing operation: The main purchase items of the Company are the components of blood glucose meter and blood glucose test strip and related raw materials. The procurement amounts of company F in 2020 and 2021 have reached 8.4% and 8.7% of the net procurement amount of the Company. This is because the Company chose to cooperate with company C and company F for a long time under the Company's comprehensive consideration of the supplier's production technology, quality yield, supply capacity and cost planning. There is no consolidation of purchases in the most recent two years.

(b) Sales operation: The Company's products are distributed throughout Europe, Americas and Asia, and there is no consolidation of sales operation, hence, there is no risk of consolidation of sales operation.

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and countermeasures being or to be taken: None.

(11) Effect upon and risk to Company associated with any change in governance personnel or top management, and countermeasures being or to be taken:

The Company’s operations are mostly proposed by the executive units, and then approved by the management, therefore, a complete operation model has been established. If there is a change in governance personnel or top management, the impact on the Company’s sustainable operation is limited.

(12) Litigation or non-litigation:

(a) Any have been determined or are including in the litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price, it should be fully disclosed in detail and include the facts of the dispute, cost of litigation, date of commencement of proceedings, litigants and the current situation regarding handling of litigation of the Company in the most recent two fiscal years and up to the date of publication of the annual report: None.

(b) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been determined or are including in the litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price in the most recent two fiscal years and up to the date of publication of the annual report: None.

(c) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been violated the provisions of Article 157 of the Securities and Exchange Act and the current situation regarding handling of the Company in the most recent two fiscal years and up to the date of publication of the annual report and: None.

(13) Other important risks, and countermeasures being or to be taken:

Assessment analysis of security risk and countermeasures: The Company builds the operational management mechanism by referring to the COSO structure, and measuring the factors such as the control environment, risk assessment, control activities, information and communication, and supervision. Moreover, it summarizes the functions of risk management and internal control based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The information security risk management mechanism is described as follows:

(a) Information security management mechanism

The Company shall, in accordance with the relevant laws and regulations and the Company's operating requirements, formulate internal management operations for control of electronic data processing operation cycles and information communication security, which shall be followed by all employees.

(b) Information security management scheme

As for the information security risks of the Company, it confirms the unfavorable impact of the security risks on the Company's operating profit based on the results of the last step, so as to adopt corresponding management measures.

Information security management schemes planned after evaluation and consideration of information security risks:

(1) The operations of information system and the machine room are all implemented in accordance with ISO 27001 standards and comply with ISO27001 certification.
(2) Network firewall settings
(3) Email management and control
(4) Antivirus software settings
(5) Security control of files and facilities

The management of the Company carries out internal control and risk supervision and management based on the business scope and operation management process of the Company.

(c) Information security management and review

The Company has listed information security inspection and control operations as an annual audit item. The audit office will conduct the audit annually at least; and the Company will conduct inspection based on the internal control system annually, and will report the results of internal control implementation to the Board for review and confirmation A statement of internal control system is issued based on the results of the evaluation.

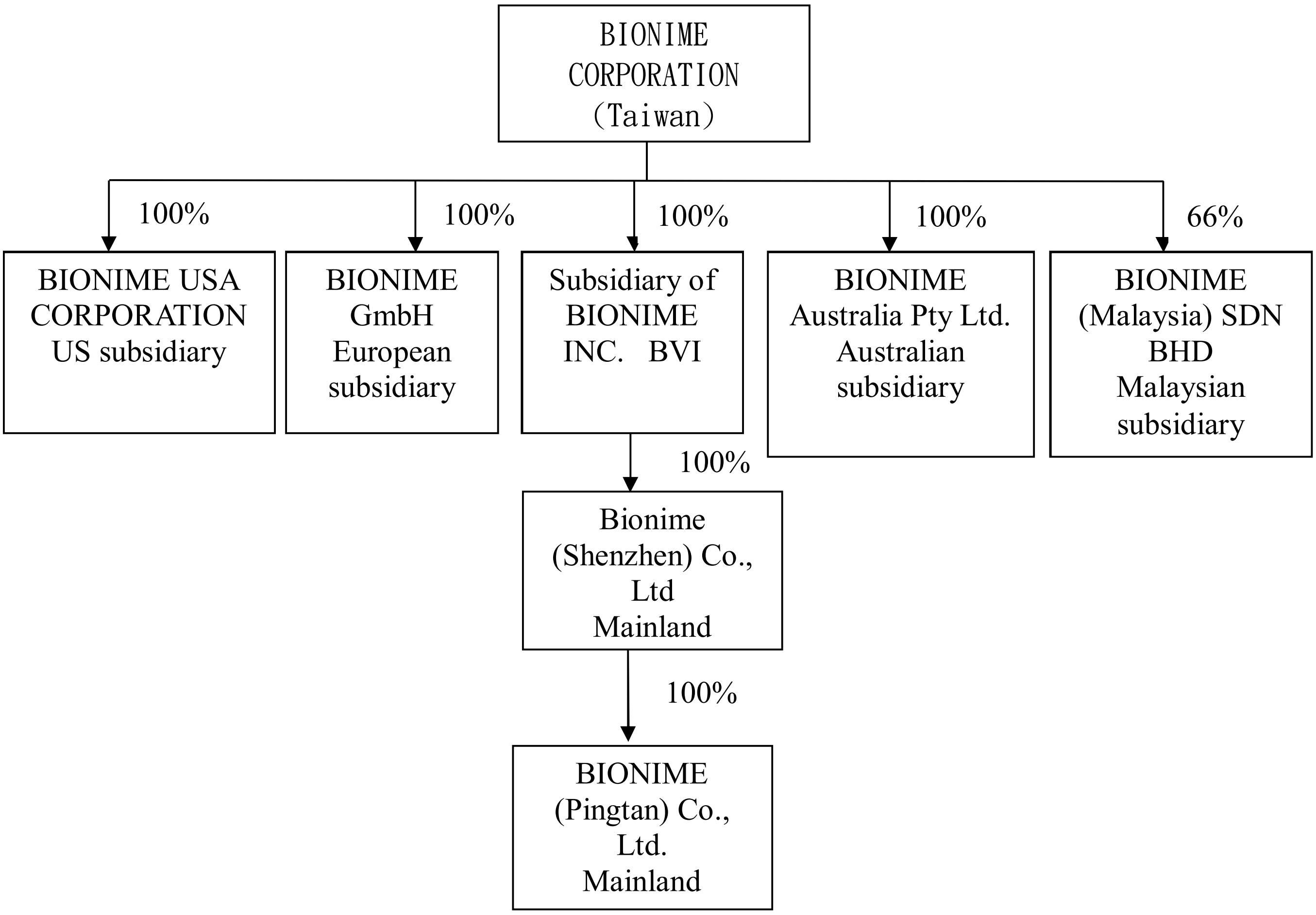
7. Other important matters: None.

VIII. Special Disclosure

1. Information related to the Company's affiliates

(1) Consolidated business reports of affiliated companies

(a) Organizational chart of affiliated companies (December 31, 2021)



(b) Basic information of affiliated companies

Name of company	Date of incorporation	Region	Paid-in Capital	Principal business activity
Bionime Inc.	November 2004	OMC Chambers, P.O. Box 3152, Road Town, Tortola, B. V. I.	USD 3,090 thousand	Investment company
Bionime (Shenzhen) Co., Ltd	December 2005	Zone A, 9th Floor, Fukang Technology Building, 8 Fukang Commercial Plaza, 10th Industrial Zone, Yousong, Longhua Office, Bao'an New	USD 2,300 thousand	Merchandising-sector company

		District, Shenzhen		
Bionime GmbH	April 2005	Tramstrasse 16 9442 Berneck / Switzerland	CHF 300 thousand	Merchandising-sector company
Bionime USA Corp.	February 2008	1450 E Spruce Street, Bldg. B Ontario CA 91761-8314	USD 11,150 thousand	Merchandising-sector company
Bionime Australia Pty Ltd	February 2010	Level 7, York Street, Sydney NSW 2000 Australia	AUD 350 thousand	Merchandising-sector company
BIONIME (Pingtan) Co., Ltd.	January 2015	Taiwan Pioneer Park, Pingtan Comprehensive Experimental Area, Pingtan County, Fuzhou City, Fujian Province, China	RMB20,000 thousand	Manufacturing company
BIONIME(MALAYSIA) SDN BHD	April 2018	C-05-11,ITECH TOWER,JALAN IMPACT,CYBER 6 CYBERJAYA SELANGOR	RM 1,046 thousand	Merchandising-sector company

(c) Shareholders presumed to have control and subordinate relationship with the same information: None.

(d) The operating activities of affiliated companies and their association

Industry Type	Name of company	Association with the operating activities of affiliated companies
Investment company	Bionime Inc.	The parent company of Bionime (Shenzhen) Co., Ltd.
Merchandising-sector company	Bionime (Shenzhen) Co., Ltd	The re-investment company of Bionime Inc.
Merchandising-sector company	Bionime GmbH	None
Merchandising-sector company	Bionime USA Corp.	None
Merchandising-sector company	Bionime Australia Pty Ltd	None
Manufacturing company	BIONIME (Pingtan) Co., Ltd.	The re-investment company of Bionime (Shenzen) Co., Ltd.

Merchandising-sector company	BIONIME(MALAYSIA) SDN BHD	None

(e) Directors, supervisors and general managers of affiliated companies:

Name of company	Position tittle	Name or representative	Shareholding	
			Number of shares (1000 shares)	Shareholding percentage
Bionime Inc.	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	3.09	100%
Bionime (Shenzhen) Co., Ltd	Legal representative	Bionime Inc. Representative: Huang,Chun-Mu	- (Note 1)	100%
Bionime GmbH	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	- (Note 2)	100%
Bionime USA Corp.	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	1,150	100%
Bionime Australia Pty Ltd	Chairman	BIONIME CORPORATION Representative: Huang,Chun-Mu	- (Note 3)	100%
	Director	BIONIME CORPORATION Representative:Chiang,Tai-Hsiung		
		Huang,Hui Hsuan		
BIONIME (Pingtan) Co., Ltd.	Legal representative	Representative of Bionime (Shenzhen) Co., Ltd: Huang,Chun-Mu	- (Note 1)	100%
Bionime(Malaysia) SDN BHD	Chairman	BIONIME CORPORATION Representative: Huang,Chun-	MYR1,046 thousand	66%

		Mu		
	Director	BIONIME CORPORATION Representative: Chen,Hui-Chen		
		TING YIIK PUNG		

Note 1: A limited company established in Mainland China

Note 2: A limited company established in Switzerland

Note 3: A limited company established in Australia

(f) Operating Overview of Affiliated Companies

Unit: NT$ Thousand

Name of company	Capital	Total assets	Total liabilities	shareholders' equity	Operating revenues	Net profit	Net Income	EPS
Bionime Inc.	98,064	99,817	73,059	99,817	0	-50	-7,259	2,349.19
Bionime (Shenzhen) Co., Ltd	63,641	91,462	6,027	85,435	40,971	12,544	-7,244	N/A(Note1)
Bionime GmbH	7,529	23,192	2,105	21,087	20,007	1,099	940	N/A(Note1)
Bionime USA Corp.	343,193	91,681	11,934	79,747	96,366	12,324	12,991	11.65
Bionime Australia Pty Ltd	10,042	375	425	-50	0	-30	-30	N/A(Note1)
BIONIME (Pingtan) Co., Ltd.	86,773	153,169	67,001	86,168	302,990	4,670	5,284	N/A(Note1)
Bionime(Malaysia) SDN BHD	11,817	29,447	9,623	19,824	44,248	8,746	5,634	5.39

Note1: The affiliated company is a limited company, so there is no earnings per share.

(2) Consolidated financial statements of affiliated companies

The companies should be included in the consolidated financial statements of affiliated enterprises of the Company in 2021(from January 1-December 31, 2021) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same with the companies should be included in the parent and subsidiary consolidated financial statements in accordance with the IFRS No. 10 approved by the Financial Supervisory Commission, and the relevant information shall disclose in the consolidated financial statements of the affiliated enterprises has been disclosed, therefore, no separate consolidated financial statements of the affiliated enterprises will be presented.

2. Transaction about the Company's private placement of securities during the most recent fiscal year up to the publication of the annual report: None.
3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year up to the publication of the annual report: None.
4. Other matters for which supplementary explanation is required: None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year up to the publication of the annual report: None.

3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year up to the publication of the annual report: None.

4. Other matters for which supplementary explanation is required: None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders’ equity or the price of the company's securities, has occurred during the most recent fiscal year up to the publication of the annual report: None.

BIONIME CORPORATION 

Chairman: Huang,Chun-Mu