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BIOTEQUE CORPORATION

2019

Annual Report

Printed on April 30, 2020

Notice to readers
This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I. Name, title, telephone, and email of the spokesperson or acting spokesperson:

Spokesperson:
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II. Address and telephone of the main office, branch office, factory:

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Factory: No. 5, Ziqiang Road, Longde Industrial Park, Longde Li, Suao Township, Yilan County
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III. Name, address, website, and telephone of the stock transfer agency:

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IV. Name of the CPA and the name, address, website, and telephone of the accounting firm for the Financial Statement of the latest year:

Names of CPAs: Ya-lin Chen and Yen-Da Su
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Address: 68F, No. 7, Section 5, Xinyi Road, Taipei City (Taipei 101)
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Website: www.kpmg.com.tw

V. Name of the trading site for securities listed overseas and how to

search for the said overseas securities: None

VI. **Website: www.bioteq.com.tw**

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I. Letter to the Shareholders

Dear Shareholders, Ladies and Gentlemen,

Hope everyone is well.

BIOTEQUE CORPORATION, under the joint efforts of all staff, hereby reports the 2019 Business Report and the 2020 Business Plan in brief as follows:

I. 2019 Business Report

(1) Accomplishments:

Unit: NT$1,000；%

Item	2019	2018	Increased / Decreased value	Change ratio
Operating revenue	1,858,900	1,613,009	245,891	15.24
Net operating profit	580,489	489,192	91,297	18.66
Net non-operating income	12,081	26,076	(13,995)	(53.67)
After-tax profit	464,172	404,997	59,175	14.61

2. Budget implementation: The Company only set budget goals internally for 2019 and did not disclose its financial forecast to the public.

3. Income, expenditures and profitability analysis:

Unit: NT$1,000；%

Item	Description	2019	2018
Financial income and expenditures	Operating revenue	1,858,900	1,613,009
	Gross profit	816,956	689,041
	After-tax profit	464,172	404,997
Profitability	Return on assets	16.31	15.11
	Return on equity	19.33	18.20
	Operating profit to paid-in capital ratio	83.77	70.59
	Before-tax profit to paid-in capital ratio	85.51	74.36
	Net profit ratio	24.97	25.11
	Earnings per share ($)	6.70	5.84

4. Research and development status:

The Company's accomplishments in research and development throughout 2019 are as follows:

R&D Group 1	R&D Group 2	R&D Group 3
1. Short-acting dialysis catheter_variant 2. Drainage catheter_Optimization of the flat tip of the catheter 3. Drainage catheter_design and development of hollow inner needles 4. Biliary catheter variant 5. Expansion tube_Optimization of the product manufacturing process 6. Development of non-DEHP drainage bags 7. Guide wire (new) 8. Large catheter patch 9. Drainage bag_variant 10. Catheter surface treatment (introduction for testing the mass production of plasma devices in small quantities) 11. Development of non-DEHP connecting hoses 12. Development of centesis catheter needles 13. OEM product_introduction for the mass production of silicon hoods 14. OEM product_introduction for the mass production of insulated heaters 15. OEM product_development of the die for the fixating joint	1. Invention patent obtained in Taiwan: drainage device 2. Invention patent obtained in Taiwan: dilation tube and the manufacturing technique for its distal penetrating tip 3. CardioInterventional cardiology catheter with a dual-purpose strain relief element on the hub (extended utilization of the invention patent of Bioteque in Taiwan) 4. Minimal feasible solution of the positioner with embeded radiopaque (X-ray) element for the ureteral stent (extended utilization of the novel patent in Taiwan) 5. Ureteral Stent with minimum irritancy special coil for patients (extended utilization of the novel patent of Bioteque in Taiwan) 6. Establishment of catheter buckling measurement technology (industry-academia cooperation) 7. Research of passive support provided by the shape of a cardioInterventional cardiology catheter (industry-academia cooperation) 8. Stent for use in endoscopic	1. Beta 72-hour closed suction tube 2. Closed suction tube – one way valve 3. Radiopaque closed suction tube 4. Pediatric 10-color printing closed suction tube 5. Detachable suction tube 6. Female luer lock cap-extended rib style 7. Glue dispenser - only for outside diameter of catheter 8. CAPD detachable connector 9. Easily operable large size clip - Hymodialysis blood tubing set use 10. Respiratory endotracheal tube 11. Respiratory oxygen tubing 12. Respiratory nasal oxygen cannula 13. Respiratory oxygen mask 14. Respiratory tracheostomy tube 15. Respiratory tracheal

R&D Group 1	R&D Group 2	R&D Group 3
of cystoscope needles 16. Preparation of materials for the sample submitted to apply for the 510 K Certificate in the US	pyelotomy 9. Ureteral tumor stent 10. Establishment of the technology for prolonged and minimally invasive pointed-end cardiovascular imaging tube 11. Steerable positioned for the ureteral stent 12. Ultrasound high-frequency vibration precise cutting utilization and development 13. Feasibility study of hydrophilic thin coating on the surface of the fluorine material 14. 3D-shape (3DRC) cardiovascular imaging catheter 15. 3D-shape (TWST) peripheral vascular imaging catheter 16. Microwire (with an outside diameter of 0.021” and lower) exclusive torque operator 17. Automatic assembly of wire dispensers 18. Vertebral artery vascular imaging catheter for use during a stroke diagnosis 19. Ureteral dilatation balloon catheter with a balloon pressure resistance exceeding 20 atm 20. Ureteral stent with axial dual-durometer 21. Optimized balloon shape to facilitate smoothly withdrawal of the catheter after surgery	Tube Introducer

II. Overview of the 2020 Business Plan

(1) Operation Strategy

Focused on its mainstream business, Bioteque will continue to enhance its revenue, maintain robust growth in profitability, increase the overall gross margin, and devote itself to the advancement of its core technologies in order to quickly address the needs of its customers and will also expedite the research and development of new products, proactively approach prospective customers and new markets to keep the growth momentum, and pursue sustainable developments by running the business on the essence of integrity, diligence, and frugality.

(2) Expected Sales and Rationales:

Expected sales of products in 2020

Unit: ten thousand pieces

Hemodialysis tube	1,152
Interventional radiology catheter	75
Infusion bag	8,567
Puncture needle	4,132
Interventional cardiology catheter	88
Surgical tube	240
Critical component and parts	51,000
Miscellaneous medical disposables	800

As the number of purchase orders grows steadily, Bioteque is proactively implementing Industry 4.0 with the introduction of automated production equipment, i.e. MES, and APS smart production software, to enhance the overall shipment volumn and to provide quick delivery services to customer. According to the market intelligence for the healthcare industry, the forecast of the market is still positive. A better performance in terms of growing revenue and profitability in the future is expected.

(3) Major Production and Distribution Plan

This year, Bioteque will proactively develop new products and new customer bases. In order to achieve completed product combinations, Bioteque will also enforce more flexible strategies to maximize the development plan of high-end catheters. The product structure will be adjusted in order to enhance the overall gross margin for the Company. Higher value-added products will be researched and developed to reflect trends in the market and to satisfy the needs of customers. Meanwhile, Bioteque will manage to connect with international heavyweights and seek strategic alliances and partnership with them to improve key technologies. In addition, Bioteque will further reinforce its collaboration with major upstream raw material suppliers to ensure steady quality and worry-free sources of raw materials. In order to explore business protential markets, Bioteuqe will agressivly deploy sales networks among the world; further, strengthen existing partnership relations to secure domestic and international markets and to enhance the market share.

III. Future Business Environment and Company Strategy

(I) External competition

(1) Domestically

Each year, around 9.36 million people demand dialysis treatment domestically. The dialysis products that BIOTEQUE manufactured are disposable consumables and for single use only. BIOTEQUE has been a benchmark brand in dialysis treatment in Taiwan. The outstanding and steady quality of high-end internal catheters, in particular, are highly competitive. They have replaced imported ones extensively, and greatly reduce the dependency the domestic market has on imported options of high-end medical consumables. Regarding to the flexible bags, several well-known pharmaceutical companies in Taiwan have already had long term relationship with us.

(2) Internationally

The dialysis population is gaining attention in countries around the world. The medical insurance coverage has been enhanced in these countries, which is further in favor of BIOTEQUE expanding its share in overseas markets for dialysis consumables. In addition, the various types of internal catheters developed by BIOTEQUE over the years have been certified to meet the requirements for distribution in domestic and international markets. BIOTEQUE has dealers in European and American countries and we are quickly replacing certain international brands. There are breakthroughs with Infusion bags in international markets, too. Besides the existing markets in Europe and Central America, there are other markets in emerging countries like Southeast Asia, Africa, and the Middle East.

(II) Regulatory Background

GMP is required for medical products in Taiwan, ISO 13485 and CE are a must in

Eurpoe. In the US, on the other hand, FDA 510K is needed; and in Mainland China, the NMPA. In Japan, there are JIS and Japan’s Pharmaceutical Affairs Law regulates medical products, and in Korea, the MFDS. Products need to meet one rigid regulatory requirement after another and fulfill establishment inspection criteria in order to be able to be sold worldwide. Despite the high domestic and international regulatory requirements, BIOTEQUE has been leaving no effort in getting certifications, which are passes for distribution, and in quickly securing purchase orders.

(III) Overall Operational Environment

(1) Reduced purchase cost of raw materials: The global economy of 2020 is impacted by Covid-19 and the trade war between China and the US. Supplies in the future are not promising. BIOTEQUE will watch closely and continue to seek alternative suppliers in order to reduce the risk of insufficient raw material.

(2) Steady growth: According to the estimates regarding to the structural change of the population made by the National Development Council, the population of the elderly will continue to increase in Taiwan, turning Taiwan into an aged society. By 2025, it will grow to 20% and Taiwan will become a super-aged society. As the demand of the aged baby boomer generation increases, the medical device industry will keep growing steadily over the long term in the future.

(IV) Development Strategy in the Future

This year, BIOTEQUE will continue to proactively develop new products, maximize the development plan of internal catheters used at respective departments, realize more completed combination of products, adjust the product structure in order to enhance the overall gross margin for the Company, research and develop higher value-added products, go with the market trends and satisfy the needs of customers, and manage to connect with international heavyweights and seek strategic alliances and partnership with them in order to improve key technologies. In addition, BIOTEQUE will further reinforce its collaboration with major upstream raw material suppliers to ensure steady quality and worry-free sources of raw materials. In order to explore domestic and international markets and new customer bases, more flexible strategies will be enforced and collaboration and alliances with overseas distributors will be enhanced to deploy a more completed distribution network. Partnerships with customers will be further reinforced in order to secure domestic and foreign markets and to raise the market share.

Looking into the future, the Company remains optimistic and positive. It is our hope that shareholders will continue to stay with us, support us, and provide us with feedback as they always have towards BIOTEQUE CORPORATION and we will continue to create better returns for our shareholders.

We wish all of you good health and the best in all of your endeavors!

BIOTEQUE CORPORATION

Chairman: Zong-Li Tsai

General Manager: Ming-Zhong Li

Head of Accounting: Pei-Zhi Zhong

II. Company Profile

I Date of Incorporation

November 13, 1991

II Company History

BIOTEQUE was established in 1991 in Taipei City, with manufacturing facilities in the Longde Industrial Park of Yilan County. The Company went through restructuring at the end of 1996, with the introduction of a new management team, in response to the government's policy of developing high technology and promoting the domestic biotech industry, as well as exploring opportunities on the domestic and international healthcare markets so that the Company could turn international. Milestones of the Company are as follows:

Year	Month	Milestone
1991	11	"Bantuo Development Corporation" was established upon approval, with a registered capital size of NT$30 million and a paid-in capital size of NT$30 million. The company was registered in Taipei City.
1993	7	More than 800 pings (1 ping = 3.305785 m^2) of land was obtained (BIOTEQUE Plant 1)
1994	10	The Factory Registration Certificate was obtained.
1995	2	The Medical Device Permit was obtained from the Department of Health, Executive Yuan
1996	12	Directors and supervisors were re-elected; Mr. Ming-Zhong Li served as Chairman
1997	3	A two-year sales contract was signed with Chang Gung Memorial Hospital, which is affiliated with the Formosa Group.
1998	6	Directors and supervisors were re-elected; Mr. Bang-Chong Lin served as Chairman and Mr. Ming-Zhong Li as General Manager.
1998	8	The first company who successfully developed Infusion bags in Taiwan.
1998	9	Certified and qualified by ISO-9001 standards.
1999	5	Certified and qualified by CE, the manufacturing quality standard

Year	Month	Milestone
		for medical devices in the European Community
1999	7	The name of the Company was changed to Bangtuo Biotech Corporation.
1999	10	Capital increase in case by NT$100 million was approved by the Securities and Futures Institute of the Ministry of Finance and public offering was completed.
1999	12	Certified and qualified by the US FDA 510K distribution market.
2000	9	Certified and qualified by ISO13485 standards.
2000	12	4,500 pings (1 ping = 3.305785 m^2) of land on Ziqiang Road in the Longde Industrial Park was obtained for expansion of facilities (BIOTEQUE Plant 2).
2001	5	The Company's Chairman was re-elected after the shareholders' meeting; Mr. Shi-Guang Lu was the elect. Mr. Ming-Zhong Li served as Vice Chairman.
2001	10	The Company stock was approved to be listed at the Taipei Exchange.
2002	3	The Company stock approved by the Taipei Exchange was officially traded over the counter. The paid-in capital size upon listing was NT$398 million.
2002	4	The new product TPU catheter - dual J-shaped and pig-tail drainage catheter developed by the Company was certified by the CE mark of the European Community and the permit was obtained domestically from the Department of Health, Executive Yuan, and was included in the coverage of National Health Insurance.
2003	10	Won the National Award of Outstanding SMEs and became the first one selected among medical device manufacturers in the country.
2004	4	Convertible corporate bonds were issued for the first time as approved in the country, with the total denomination worth NT$200 million for a period of 5 years that was due April 6, 2009.
2004	6	Directors and supervisors were re-elected; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.
2004	9	Construction of the plant reinvested in by the Company in Changshu, Jiangsu, Mainland China (BIOTEQUE Corporation in Jiangsu) officially began

Year	Month	Milestone
2004	11	Won the Technical Commercialization Bronze Medal during 2004 Bio@Taipei organized by the Taipei City Government and the New Product Creativity Award during 2004 Mediphar Taipei organized by TAITRA.
2006	4	Mass production and shipment for the plant in Changshu, Jiangsu, Mainland China, a re-investment of the Company began.
2006	11	Obtained sponsorship from the government for the technical development program of the diagnostic vascular imaging catheter, a new product, spearheaded by the Industrial Development Bureau under the Ministry of Economic Affairs.
2007	6	Directors and supervisors were re-elected; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.
2007	7	Approved during the establishment inspection by the US FDA.
2007	7	Sold all the ownership of the plant in Mainland China as re-investment to Germany FMC Group and formed a strategic alliance with them by signing the Distribution Contract.
2007	10	Plant 1 of the Company in Suao caught fire; nearly all equipment and inventories in the facilities were destroyed. Fortunately, additional facilities spanning more than 1,000 pings in area inside Plant 2 were being built and all losses were covered by insurance.
2008	3	The Company built additional facilities, ranging 2,500 pings in area, at the site of its existing Plant 2.
2008	7	The name of the Company was changed to BIOTEQUE CORPORATION.
2008	12	The additional new facilities being built that spanned 2,500 pings in area were completed and commissioned.
2008	12	The Yilan Branch of BIOTEQUE CORPORATION was set up.
2009	9	The Ministry of Economic Affairs approved a capital increase of NT$22,799,110, with the paid-in capital size after the capital increase being NT$782,769,360.
2010	6	Directors and supervisors were re-elected; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.
2011	3	Establishment of the subsidiary as re-investment Zhongde Investment Co., Ltd. was approved.

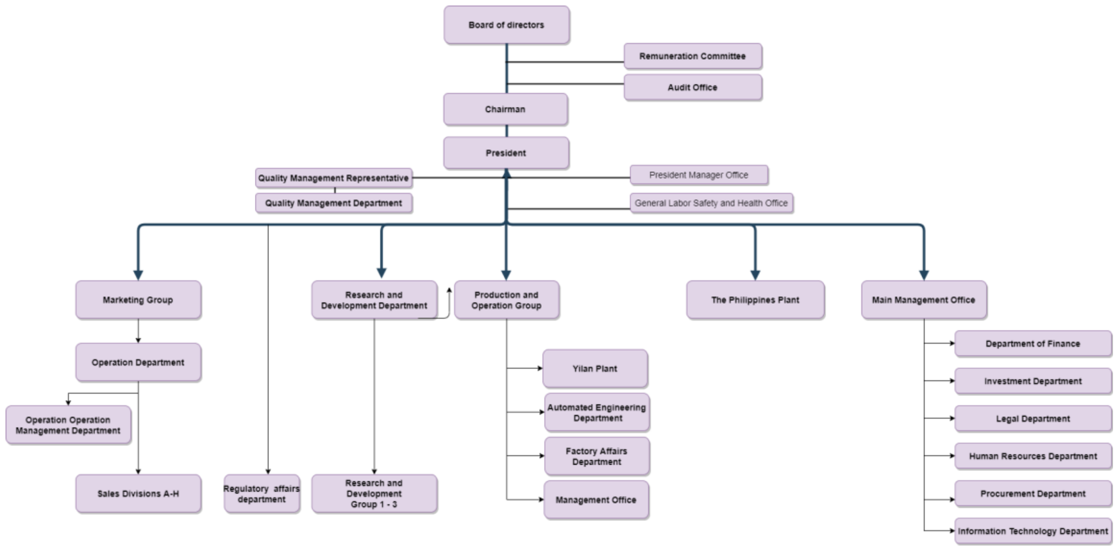
Year	Month	Milestone
2011	12	The Remuneration Committee was set up to consolidate corporate governance and the ethical management principles.
2012	9	Obtained sponsorship from the government for the technical development program of continuous ambulatory peritoneal dialysis (CAPD), a new product, spearheaded by the Industrial Development Bureau under the Ministry of Economic Affairs.
2013	1	Included in the list of medium-size enterprise by the Ministry of Economic Affairs for its good operational performance that fulfills certain characteristics and criteria for a medium-size enterprise, hidden champion experience and properties, unique and key technologies in specific fields, and highly competitive advantages on the international market.
2013	2	The Philippines BIOTEQUE was established as a re-investment of the Company.
2013	6	Directors and supervisors were re-elected; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.
2013	8	Won the National Quality Award in the enterprise group for its outstanding performance in comprehensive quality management.
2013	9	Convertible corporate bonds were issued for the second time as approved in the country, with the total denomination worth NT$160 million for a period of 3 years that was due September 26, 2016.
2013	10	The Ministry of Economic Affairs approved a capital increase in cash worth NT$55,000,000, with the paid-in capital size after the capital increase being NT$837,769,360.
2014	1	Construction of the Philippines BIOTEQUE, a re-investment of the Company, officially began.
2014	9	Obtained sponsorship from the government for the technical development program of percutaneous transluminal coronary angioplasty (PTCA), a new product, spearheaded by the Industrial Development Bureau under the Ministry of Economic Affairs.
2015	5	Capital reduction in cash
2016	5	Directors and supervisors were re-elected for the tenth intake; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.

Year	Month	Milestone
2018	11	Obtained sponsorship from the government for the technical development program of high-value percutaneous transluminal coronary angioplasty catheter, a high-value program of the Industrial Development Bureau under the Ministry of Economic Affairs.
2019	6	Directors and supervisors were re-elected for the eleventh intake; Mr. Zong-Li Tsai served as Chairman and Mr. Ming-Zhong Li served as Vice Chairman.
2019	7	The Company won the Outstanding Company of the Year Golden Quality Award.

III. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Major Departments and Their Scope of Operation

Major Department	Main Responsibilities
General Manager's Office	1. Plans and stipulates mid-to-long-term strategies of the Company 2. Stipulates, prepares, and performs tracking and differential analyses of annual budget goals 3. Tracks performance and improves projects 4. Prepares and improves internal management systems and applicable guidelines of the Company
Audit Office	Plans and implements internal audit inspections, follows up, and improves them.
Labor Safety and Health Office	1. Defines the occupational hazard prevention plan, the emergency response plan, and guides respective units over their implementation 2. Plans labor safety and health audits and management and supervises respective units over their implementation 3. Plans check points and inspections of safety and health facilities and supervises over their implementation 4. Plans rounds, periodic inspections, prioritized inspections, general knowledge about hazards, and workplace measurements and

Major Department	Main Responsibilities
	supervises related staff over their implementation 5. Plans and enforces labor safety and health educational training 6. Plans health examinations for employees and enforces health management 7. Reports occupational hazards such as disease, harm, disabilities, and deaths. 8. Enforces safety and health performance management assessments and provides workers with safety and health consultations
Quality Management Department	Performs quality operating system audits, process abnormality analyses, and material receiving and various quality control tests as mandated by the Quality Management Representative in order to enhance the quality of products and to fulfill the mission of the Company
Marketing Group	Takes orders from the General Manager and combines the Operation Department, marketing, and IPO, and stipulates budget growth goals in the respective areas. Sets the annual implementation plan reflective of the Company's operation policies and authorization guidelines in order to fulfill the task of expanding the market share, ensuring profits, and enhancing the brand image of the Company.
Operation Department	Takes orders from the heads of respective business groups and fulfills the annual sales targets set by the Company according to the annual budget goals of the respective groups and the action plans explored for respective markets.
Operation Management Department	1. Marketing Takes order from the heads of respective business groups and takes part in business expos, helps with marketing (including stand design), product catalog design and outsourcing, the composition of the product development proposal and follow-up on exhibition efficacy, and controls the expenses and budget to facilitate the Operation Department to fulfill the annual sales targets according to the annual product development strategies and marketing strategies of business groups. 2. IPO Takes order from the heads of respective business groups and enforces the expansion of the Company's product lines and product specifications, searches for qualified suppliers of products and

Major Department	Main Responsibilities
	accessories, introduces them to be the Company’s products on the market, and controls the expenses and budget in order to facilitate the Operation Department to fulfill the annual sales targets according to the annual product development strategies of business groups.
Regulatory Division	Takes orders from the heads of respective business groups and plans and enforces respective certifications of products, and controls the expenses and budget in order to facilitate the Operation Department fulfilling the annual sales targets according to the annual product development strategies of business groups.
Research and Development Department	Takes orders from the heads of respective business groups and enforces the development of products, expansion of specifications, and product improvements so that they can be available on the market on time in order to facilitate the Operation Department fulfilling the annual sales targets according to the annual product development and marketing plan of the business groups.
Main Management Office	Takes orders from the General Manager and combines efforts from the Information Technology Department, the Procurement Department, and the Department of Finance while stipulating the annual cost reduction goals of the Main Management Office, preparing the working method, efficiency improvement, and manpower plan in order to fulfill the goal of effectively controlling expenses, reducing expenses, and streamlining manpower.
Department of Finance	Takes orders from the head of the Main Management Office while preparing the financial statements, summarizing the annual budget, filing taxes, planning financial affairs over the long term, raising and managing funds, integrating and planning financial resources of the Group, holding and arranging the Board of Directors’ meeting, holding and arranging the shareholders' meeting, and reducing financial costs for the purpose of accomplishing the annual goals of the Company according to the annual financial plan of the Main Management Office.
Procurement Department	Takes orders from the head of the Main Management Office while purchasing and negotiating prices of important raw materials and supplies, parts and components, and production equipment, reducing the purchase cost, and controlling costs and the budget for the purpose of accomplishing the annual goals of the Company in accordance with the annual procurement plan of the Main

Major Department	Main Responsibilities
	Management Office.
Information Technology Department	Takes orders from the head of the Main Management Office while planning information systems, troubleshooting abnormalities experienced by and improving information systems, and ensuring stable operations of the ERP system for the purpose of enhancing the information system efficiency, controlling costs and the budget, and fulfilling the annual goals of the Company in accordance with the annual information plan of the Main Management Office.
Department of Regulatory Affairs	Takes orders from the head of the Main Management Office and is in charge of the Company's regulatory affairs management task. It offers legal support for the Company, manages lawsuits and non-lawsuit affairs of the Company, and prevents and controls risks for the Company in order to ensure that the Company's interests are not infringed upon and to maximize benefits and minimize risks for the Company.
Investment Department	Takes orders from the head of the Main Management Office and is in charge of analyzing and researching domestic and international economic trends and industrial outlooks, analyzing and coping with overall economic and risk events, analyzing, evaluating, and summarizing investment and credit risks periodically from time to time, evaluating and analyzing performance of re-investment businesses, tracking and managing reinvestment cases, and planning, executing, and managing financial projects.
Production Group	Takes orders from the General Manager while, together with the Yilan Plant, the Engineering Department, the Resources and Materials Department, the Quality Management Department, and the Human Resources Department, stipulating the annual goals for growth in production, preparing the production plan, and planning equipment investment and hiring for the purpose of fulfilling production tasks, quick deliveries, and controlling costs.
Management Department	Takes orders from the head of the Production Group and is in charge of planning, executing, and reviewing the procurements, general affairs, business matters, and personnel-related matters for the purpose of fulfilling the mission of the Company.
Factory Affairs Department	Takes orders from the head of the Production Group and is in charge of planning and supervising production control and warehouse-related

Major Department	Main Responsibilities
	matters for the purpose of fulfilling the mission of the Company.
Automated Engineering Department	Takes orders from the head of the Production Group and is in charge of planning and supervising biotech and engineering-related matters for the purpose of fulfilling the mission of the Company.
Yilan Plant	Takes orders from the respective heads of the Production Group while fulfilling productivity goals, enhancing production efficiency, and controlling costs for the purpose of accomplishing the mission of the Company in accordance with the annual production plan.

II Board Members and Management Team

1. Profile of directors, supervisors, and managers:

1-1 Director and Supervisor Information (I)

April 11, 2020

Position (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected	Term in office	Date First Elected (Note 2)	Shares held upon Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in name of others		Main experience/education (Note 3)	Positions served at the Company and other companies at present	Other managers, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks (Note 4)
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman	Taiwan	Zong-Li Tsai	Male	18.6.2019	3 years	25.6.1996	3,047,000	4.40	3,029,000	4.37	5,000	0.00	0	0	Pingtung University of Science and Technology	Chairman of the Company	Director Representative	Jing-Yi Tsai	Daughter	
Director	Taiwan	Ming-Zhong Li	Male	18.6.2019	3 years	08.1.1997	1,420,346	2.04	1,445,346	2.08	15,689	0.02	319,824	0.46	Tatung University EMBA, National Taiwan University	General Manager of the Company	Director Supervisor	Yi-Xun Li Ying-Ling Li	Son Daughter	
Director	Taiwan	Zong Yu Investment Co., Ltd.	Corporate entity	18.6.2019	3 years	13.5.2015	1,606,752	2.32	1,611,752	2.33	Not Applicable	Not Applicable	0	0	Not Applicable	Not Applicable	None	None	None	
Director Representative	Taiwan	Jing-Yi Tsai (Note 1-1)	Female	18.6.2019	3 years	18.6.2019	178,572	0.26	178,572	0.26	46,000	0.07	0	0	Master of Business Administration, PURDUE UNIVERSITY, USA	Vice Presidentof the Company	Chairman	Zong-Li Tsai	Daughter	
Director	Taiwan	Yi-Xun Li	Male	18.6.2019	3 years	27.6.2007	1,320,245	1.91	1,320,245	1.91	10,000	0.01	0	0	Post-graduate School of International Business, Rutgers University, USA Master of Finance and Business Administration, City University of New York Bachelor of Agriculture, National Taiwan University	Vice Presidentof the Company	Director Supervisor	Ming-Zhong Li Ying-Ling Li	Son Sister	
Director	Taiwan	Pang-Yen Zhang	Male	18.6.2019	3 years	25.6.2008	851,038	1.23	851,038	1.23	0	0	0	0	Taipei Medical University	Chairman of Pulibang Biotech Consulting Company Limited Director of KING POLYTECHNIC ENGINEERING CO., LTD.	None	None	None	
Director	Taiwan	Jin-Long Lin	Male	18.6.2019	3 years	24.6.2013	172,926	0.25	172,926	0.25	6,260	0.01	0	0	Master, Institute of Biochemical Sciences, National Taiwan University EMBA, Graduate Institute of Business Administration, National Taiwan University Manager, Drug Trial Department, Merck	Senior Vice Presidentof the Company	None	None	None	
Director	Taiwan	Yi-Zhong Huang	Male	18.6.2019	3 years	18.6.2019	30,408	0.04	30,408	0.04	0	0	0	0	Master of Economics, National Chung Cheng University Bachelor of Finance and Taxation, National Chung Tsing University	Chief Financial Officer of the Company	None	None	None	
Independent Director	Taiwan	Zheng-Xiong Xu	Male	18.6.2019	3 years	12.5.2016	0	0	0	0	0	0	0	0	PhD in Administration, Graduate Institute of Industrial Administration, National Taiwan University of Science and Technology	Chairman of Yuantong International Management Consulting Co., Ltd.	None	None	None	

Position (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected	Term in office	Date First Elected (Note 2)	Shares held upon Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in name of others		Main experience/education (Note 3)	Positions served at the Company and other companies at present	Other managers, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks (Note 4)
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relationship	
Independent Director	Taiwan	Bin-Xi Lin	Male	18.6.2019	3 years	15.6.2018	0	0	0	0	0	0	0	0	Bachelor of Medicine, National Yang-Ming University	Attending Physician, Division of Nephrology, Shin Kong Wu Ho-Su Memorial Hospital Vice Secretary-General of Taiwan Society of Nephrology Financial Committee of Taiwan Society of Nephrology Executive Secretary, Dialysis Nurses Evaluation	None	None	None	
Supervisor	Taiwan	Ying-Ling Li	Female	18.6.2019	3 years	13.5.2015	851,857	1.23	851,857	1.23	0	0	0	0	National Chung Tsing University	None	Director Director	Ming-Zhong Li Yi-Xun Li	Daughter Sister	
Supervisor	Taiwan	KING POLYTECHNIC ENGINEERING CO., LTD.	Corporate entity	18.6.2019	3 years	15.6.2010	304,219	0.44	304,219	0.44	Not Applicable	Not Applicable	0	0	Not Applicable	Not Applicable	None	None	None	
Representative of the supervisor	Taiwan	Zhen-Pan Hong (Note 1-2)	Male	18.6.2019	3 years	15.6.2010	0	0	0	0	0	0	0	0	Graduate Institute of Chemical Engineering, National Taiwan University	Chairman of KING POLYTECHNIC ENGINEERING CO., LTD. Chairman of TAIWAN BENEFIT COMPANY Institutional representative, director, and chairman of BENEFIT (SUZHOU) COMPANY Corporate director, representative, and chairman of KING POLYTECHNIC ELECTRONICS ENGINEERING CO., LTD. in Suzhou Institutional representative, director, and chairman of KING POLYTECHNIC INTERNATIONAL INVESTNT AND DEVELOPMENT CO., LTD. Institutional representative and director of Hong Xiang Engineering Co., Ltd. Institutional representative and director of Taiwan Benefit Technology (SAMOA)Corp Institutional representative and director of Taibeco (Thailand) Co., Ltd. Supervisor of ITEQ CORPORATION	None	None	None	
Supervisor	Taiwan	Xing Wang	Male	18.6.2019	3 years	18.6.2019	1,000	0	44,000	0.06	186,000	0.27	0	0	Bachelor of Medicine, National Yang-Ming University	Superintendent of Jixing/Dingxiang Clinic	Chairman	Zong-Li Tsai	Son-in-Law	

Note 1: Both the name of the institution and its representative shall be listed for an institutional shareholder (For representatives of institutional shareholders, the name of the institutional shareholder shall be provided) and Table 1 below shall be completed.

Note 1-1 Institutional representative of Zong Yu Investment Co., Ltd.

Note 1-2 Institutional representative of KING POLYTECHNIC ENGINEERING CO., LTD.

Note 2: The duration of the initial term as director or supervisor of the Company shall be provided; In case of any discontinuation, it shall be noted.

Note 3: For experiences related to the current position, such as working for an auditing or certifying accounting firm or an affiliated enterprise during the said period of time, the title and the responsibilities assigned shall be specified.

Note 4: When the chairman and the general manager or someone charged with equivalent responsibilities (the highest-ranking manager) of the Company are the same person, are each other’s spouse, or are relatives of the first degree of kinship, the reason, legitimacy, necessity, and countermeasures (such as the increase in the number of independent directors and a majority of the directors who are not employees or managers, for example) shall be stated.

Table 1. Major shareholders of institutional shareholders

April 11, 2020

Name of the institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)
Zong Yu Investment Co., Ltd.	Jing-wen Tsai (28%), Jing-Juan Tsai (28%)
KING POLYTECHNIC ENGINEERING CO., LTD.	Taiwan Benefit Company (4.44%), o-Pan Hong (3.77%), Chuan-Lun Investment Co., Ltd. (3.37%), Yong Jia International Development Co., Ltd. (3.29%), o-Mei Tsai-Lai (1.93%), Yang Ming Investment Company Limited (1.66%), Haiwang Investment Company Limited (1.57%), o-Long Chen (1.52%), o-Ming Peng (1.45%), Yua Bin Corporation (1.41%)

Note 1: When directors and supervisors are representatives of institutional shareholders, the name of the institutional shareholder shall be provided.

Note 2: Fill in the names of major shareholders of the said institutional shareholder (Top 10 in terms of the holding ratio) and their holding ratio. If the major shareholder is a corporation, Table 2 below shall be completed, too.

Note 3: When an institutional shareholder is not a company or an organization, the shareholder name and shareholding ratio as stated in the foregoing shall be disclosed as the name of the sponsor or the donor and the sponsorship or donation ratio.

Table 2. Major shareholders of the major shareholders in Table 1 that are corporations

April 11, 2020

Name of the corporation (Note 1)	Major shareholders of the corporation (Note 2)
Taiwan Benefit Company	KING POLYTECHNIC ENGINEERING CO., LTD. (11.76%), Qitai Corporation (8.76%), o-Pan Hong (7.48%), Ming-Tai Technology Corporation (6.74%), Chuan-Lun Investment Co., Ltd. (6.20%), Yong Jia International Development Co., Ltd. (4.06%), o-Chun Ho (1.96%), o-Peng Lai (1.60%), o-Feng Hong (1.54%), Chen-Zhong He-Weng Charity Foundation (1.24%)
Chuan-Lun Investment Co., Ltd.	o-Li Lai (30%), o-Chuan Chen (22.25%), o-Lun Lai (30.23%), o-Lun Lai (17.52%)
Yong Jia International Development Co., Ltd.	o-Xing Tsai (31.5%), o-Mei Tsai (32.5%), o-Juan Tsai (16%), o-Min Tsai (11%), o-Ran Wang (1%), o-You Tsai (4%), Xiang-o Wang (1%), Wei-o Wang (1%), Zi-o Wang (1%)
Yang Ming Investment Company Limited	o-Shan Zhang (9%), o-Hua Zhang (20%), o-Ling Zhang (20%), o-Ming Zhang (20%), o-Jing Zhang (20%), Xiu-Mei Zhang-o (11%)
Haiwang Investment Company Limited	o-Ming Zhang (20%), o-Jing Zhang (20%), Xiu-Mei Zhang-o (11%), o-Shan Zhang (20%), o-Hua Zhang (20%), Wan-Ling Zhang (20%),

Note 1: If the major shareholders in the above table are corporations, the names of the corporations shall be provided.

Note 2: Fill in the names of the major shareholders of the said corporations (Top 10 in terms of the holding ratio) and their holding ratio.

Note 3: When an institutional shareholder is not a company or an organization, the shareholder name and shareholding ratio as stated in the foregoing shall be disclosed as the name of the sponsor or the donor and the sponsorship or donation ratio.

1-2 Director and Supervisor Information (II)

April 11, 2020

Name (Note 1) / Qualification		More than five years of work experience and following professional qualifications			Fulfillment of independence (Note 2)												Number of other public offering companies serving as independent directors
		Lecturer or higher ranking at the business, legal affairs, financial affairs, or accounting department, or other departments relating to corporate operation of public and private colleges and universities	Judge, prosecutor, lawyer, CPA, or other professionals and technicians that have taken and been approved in national exams required for corporate operation	Required work experience to carry out business, legal affairs, financial affairs, accounting, or corporate operations	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman	Zong-Li Tsai			■	■				■	■	■	■	■		■	■	
Director	Ming-Zhong Li			■					■	■	■	■	■		■	■	
Director	Jing-Yi Tsai		■	■			■		■	■	■	■	■		■		
Director	Yi-Xun Li			■					■	■	■	■	■		■	■	
Director	Pang-Yen Zhang			■	■				■	■	■	■	■	■	■	■	
Director	Jin-Long Lin			■			■		■	■	■	■	■	■	■	■	
Director	Yi-Zhong Huang			■			■		■	■	■	■	■	■	■	■	
Independent Director	Zheng-Xiong Xu	■		■	■	■	■	■	■	■	■	■	■	■	■	■	
Independent Director	Bin-Xi Lin		■		■	■	■	■	■	■	■	■	■	■	■	■	
Supervisor	Ying-Ling Li			■	■				■	■	■	■	■		■	■	
Supervisor	Zhen-Pan Hong			■	■		■		■	■	■	■	■	■	■		
Supervisor	Xing Wang		■		■		■		■	■	■	■	■		■	■	

Note 1: The number of fields needing to be adjusted reflective of the actual demand.

Note 2: When any of the following conditions is met for each director or supervisor during the two years prior to and during their tenure, put " ■ " in the box underneath each conditional code.

(1) Not an employee of the Company or its associated enterprise.

(2) Not a director or supervisor of the Company or its associated enterprise (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(3) Not a natural person shareholder that holds more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list by himself/herself or by his/her spouse or minor child in someone else's name.

(4) Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under (1) or those listed under (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks in the Top 5 in shareholding ratio or that assigns a representative to serve as a director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares

entitled to votes accounting for a majority that is controlled by the same person (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(8) Not a director, supervisor, or manager, or shareholder holding at least 5% of the shares of a specific company or institution that is financially or commercially related to the Company. (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
(9) Not a professional providing services or consultations on business, legal affairs, financial affairs, and accounting at the Company or its associated enterprise such as auditing that have brought about rewards that have not yet cumulatively exceeded NTD$ 500,000, or the owner, partner, director, supervisor, manager, and his/her spouse of a sole proprietorship or collaborative company or institution. This, however, does not apply to the Remuneration Committee, the Public Acquisition Review Committee, or the Special Mergers and Acquisitions Committee fulfilling its duties in accordance with the Securities Transaction Act or the Business Mergers and Acquisitions Act, among others.
(10) Not the spouse or a relative within the second degree of kinship to any other director of the Company.
(11) None of the conditions indicated under Article 30 of the Company Act.
(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act.

(II) Profile of the general manager, Vice President, associate managers, and heads of respective departments and branches

April 11, 2020

Position (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding in name of others		Main experience/ education (Note 2)	Current positions at other companies	Managers who are the spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relationship	
General Manager	Taiwan	Ming-Zhong Li	Male	6.12.1996	1,445,346	2.09	155,689	0.02	319,824	0.46	Tatung University EMBA, National Taiwan University	None	Vice President	Yi-Xun Li	Son	
Senior Vice President	Taiwan	Jin-Long Lin	Male	30.3.2005	172,926	0.25	6,260	0.01	0	0	Master, Institute of Biochemical Sciences, National Taiwan University EMBA, Graduate Institute of Business Administration, National Taiwan University Manager, Drug Trial Department, Merck	None	None	None	None	
Vice President	Taiwan	Yi-Xun Li	Male	9.12.2010	1,320,245	1.91	10,000	0.01	0	0	Post-graduate School of International Business, Rutgers University, USA Master of Finance and Business Administration, City University of New York	None	General Manager	Ming-Zhong Li	Son	
Vice President	Taiwan	Jing-Yi Tsai	Female	11.9.2019	178,572	0.26	40,000	0.06	0	0	Master of Business Administration, PURDUE UNIVERSITY, USA	None	None	None	None	

Note 1: It shall include the profile of the general manager, Vice Presidents, associate managers, and heads of the respective departments and branches, and also those whose responsibilities are equivalent to those of a general manager, Vice President, or associate manager. Everything shall be disclosed.

Note 2: For experiences related to the current position, such as working for an auditing or certifying accounting firm or an affiliated enterprise during the said period of time, the title and the responsibilities assigned shall be specified.

Note 3: When the general manager or someone charged with the equivalent responsibilities (the highest-ranking manager) and the chairman of the Company are the same person, are each other’s spouse, or are relatives of the first degree of kinship, the reason, legitimacy, necessity, and countermeasures (such as the increase in the number of independent directors and a majority of the directors who are not employees or managers, for example) shall be state

III. Remuneration Paid to Directors, Supervisors, General Managers, and Vice Presidents in the Most Recent Years

3-1 Remuneration for general and independent directors

Unit: NT$1,000

Position	Name	Remuneration for directors								Ratio of the sum of A, B, C, and D to after-tax profit (Note 10)		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to after-tax earnings (Note 10)		Claim of remuneration from re-invested businesses other than subsidiaries (Note 11)
		Reward (A) (Note 2)		Retirement and pension fund (B)		Remuneration for directors (C) (Note 3)		Operational expenditure (D) (Note 4)				Salary, Bonus, and Special expenditure (E) (Note 5)		Retirement and pension fund (F)		Remuneration for employees (G) (Note 6)						
		The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company	All companies included in the financial statement (Note 7)	The Company		All companies included in the financial statement		The Company	All companies included in the financial statement (Note 7)	
																Cash Value	Share Value	Cash Value	Share Value			
Chairman	Zong-Li Tsai	0	0	0	0	1,466	1,466	9	0	0.32%	0.32%	3,350	3,350	500	500	960	0	960	0	1.35%	1.35%	None
Director	Ming-Zhong Li	0	0	0	0	1,466	1,466	9	9	0.32%	0.32%	8,035 (Note 1)	9,508 (Note 1)	556	556	3,200	0	3,200	0	2.86%	3.18%	None
Director	Zong Yu Investment Co., Ltd.	0	0	0	0	977	977	0	0	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
	Representative Jing-Yi Tsai	0	0	0	0	0	0	9	9	-	-	474	474	0	0	1,050	0	1,050	0	0.33%	0.33%	None
Director	Yi-Xun Li	0	0	0	0	977	977	9	9	0.21%	0.21%	2,563	2,563	0	0	1,280	0	1,280	0	1.04%	1.04%	None
Director	Pang-Yen Zhang	0	0	0	0	977	977	9	9	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
Director	Jin-Long Lin	0	0	0	0	977	977	9	9	0.21%	0.21%	3,024	3,024	0	0	1,350	0	1,350	0	1.15%	1.15%	None
Director	Yi-Zhong Huang	0	0	0	0	525	525	9	9	0.12%	0.12%	1,604	1,604	0	0	600	0	600	0	0.59%	0.59%	None
Independent Director	Zheng-Xiong Xu	240	240	0	0	0	0	0	0	0.05%	0.05%	0	0	0	0	0	0	0	0	0.05%	0.05%	None
Independent Director	Bin-Xi Lin	240	240	0	0	0	0	0	0	0.05%	0.05%	0	0	0	0	0	0	0	0	0.05%	0.05%	None

1. Please clarify the payment policy, system, criteria, and structure of remuneration for independent directors and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid. The remuneration for independent directors of the Company are based on the requirements in Article 196 Paragraph 1 of the Company Act. They were proposed by the Company's Remuneration Committee and reviewed by the Board of Directors before they were brought forth in the 2019 General Shareholders' Meeting to be approved. The rewards were approved by the Company's shareholders.

2. Besides those disclosed in the above table, remuneration paid to directors in the most recent year for having provided services to all companies covered in the financial statement (such as working as a consultant who is not an employee): None

Note 1: The General Manager of the Company is offered a personal car (NT$ 2.9 million) to facilitate utilization to fulfill official duties.

Note 2: The retirement and pension fund to be released was not what was actually paid.

Remuneration bracket table

Bracket by which remuneration are paid to individual directors of the company	Name of Director			
	Sum of the first four types of remuneration (A+B+C+D)		Sum of the first seven types of remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statement (Note 9) H	The Company (Note 8)	All companies included in the financial statement (Note 9) I
Below $1,000,000	Zong Yu Investment Co., Ltd., Jing-Yi Tsai, Yi-Xun Li, Pang-Yen Zhang, Jin-Long Lin, Yi-Zhong Huang, Zheng-Xiong Xu, Bin-Xi Lin	Zong Yu Investment Co., Ltd., Jing-Yi Tsai, Yi-Xun Li, Pang-Yen Zhang, Jin-Long Lin, Yi-Zhong Huang, Zheng-Xiong Xu, Bin-Xi Lin	Zong Yu Investment Co., Ltd., Pang-Yen Zhang, Zheng-Xiong Xu, Bin-Xi Lin	Zong Yu Investment Co., Ltd., Pang-Yen Zhang, Zheng-Xiong Xu, Bin-Xi Lin
$1,000,000 (inclusive) ～ $2,000,000 (exclusive)	Zong-Li Tsai, Ming-Zhong Li	Zong-Li Tsai, Ming-Zhong Li	Jing-Yi Tsai	Jing-Yi Tsai
$2,000,000 (inclusive) ～ $35,000,000 (exclusive)	None	None	Yi-Zhong Huang	Yi-Zhong Huang
$3,500,000 (inclusive) ～ $5,000,000 (exclusive)	None	None	Yi-Xun Li	Yi-Xun Li
$5,000,000 (inclusive) ～ $10,000,000 (exclusive)	None	None	Zong-Li Tsai, Jin-Long Lin	Zong-Li Tsai, Jin-Long Lin
$10,000,000 (inclusive) ～ $15,000,000 (exclusive)	None	None	Ming-Zhong Li	Ming-Zhong Li
$15,000,000 (inclusive) ～ $30,000,000 (exclusive)	None	None	None	None
$30,000,000 (inclusive) ～ $50,000,000 (exclusive)	None	None	None	None
$50,000,000 (inclusive) ～ $100,000,000 (exclusive)	None	None	None	None
Above $100,000,000	None	None	None	None
Total	10 people	10 people	10 people	10 people

Note 1: Names of directors shall be listed separately (both the name of the institution and its representative shall be listed for an institutional shareholder) and general and independent directors shall be listed separately.
Note 2: Remuneration for directors in the most recent years (including salaries for directors, differential pays, severance pays, various types of bonuses, and rewards, etc.)
Note 3: The remuneration for directors assigned as approved by the Board of Directors from the most recent year.
Note 4: Related operational expenditure incurred by directors in the most recent year (including transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind) When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate related remuneration that should be paid by the Company to the driver; the value, however, is not included herein.
Note 5: The salaries for directors, differential pays, severance pays, various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind, paid to directors who are also employees in the most recent year (including the General Manager, Vice President, other managers, and employees). When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate related remuneration that should be paid by the Company to the driver; the value, however, is not included herein. In addition, the value of compensation recognized according to IFR2 "share-based payment", including employee stock option certificate, restricted employee shares, and shares subscribed upon increased capital in cash, shall be included in the calculation of remuneration, too.
Note 6: For directors who are also employees in the most recent year (including the General Manager, Vice President, other managers, and employees), to receive employee rewards (including stock and cash), the value of employee rewards assigned as approved by the Board of Directors from the most recent year shall be disclosed. If it is impossible to estimate the value, the value that intends to be assigned this year shall be calculated proportionally according to the actual value assigned last year and Exhibit 1-3 shall be completed.
Note 7: The total value of various types of remuneration paid to the Company's directors by all companies (including the Company) in the consolidated statement shall be disclosed.
Note 8: For the total value of various remuneration paid to each director by the Company, disclose the name of the director in the respective bracket.
Note 9: The total value of various types of remuneration paid to each of the Company's directors by all companies (including the Company) in the consolidated statement shall be disclosed; the name of the director shall be disclosed in the bracket he/she belongs.
Note 10: After-tax profit refers to that shown in the individual financial statement of the most recent year.
Note 11:
a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's directors received shall be specified. (If none, indicate "N/A".)
b. If the Company's directors received related remuneration from re-invested businesses other than the subsidiaries or the parent company, such remuneration shall be consolidated in Field I of the bracket table and the field name shall be changed to "parent company and all re-invested businesses."
c. Remuneration are the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company's directors for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.
＊The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

3-2 Remuneration for supervisors

Unit: NT$1,000

Position	Name	Remuneration for supervisors						Ratio of the sum of A, B and C to after-tax earnings (Note 8)		Claim of remuneration from re-invested businesses other than subsidiaries (Note 9)
		Reward (A) (Note 2)		Remuneration (B) (Note 3)		Operational expenditure (C) (Note 4)				
		The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	
Supervisor	Ying-Ling Li	0	0	977	0	6	0	0.21%	0.21%	None
Supervisor	KING POLYTECHNIC ENGINEERING CO.,	0	0	977	0	0	0	0.21%	0.21%	None

	LTD.									
	Representative: Zhen-Pan Hong	0	0	0	0	9	0	-	-	None
Supervisor	Xing Wang	0	0	525	0	6	0	0.11%	0.11%	None
Supervisor	Qin-Yi Li (Note)	0	0	200	0	0	0	0.04%	0.04%	None

Note: Retired on June 18, 2019

Remuneration bracket table

Bracket by which remuneration are paid to individual supervisors of the company	Name of Supervisor	
	Sum of the first three types of remuneration (A+B+C)	
	The Company (Note 6)	All companies included in the financial statement (Note 7) H
Below $1,000,000	Qin-Yi Li, KING POLYTECHNIC ENGINEERING CO., LTD., Zhen-Pan Hong, Ying-Ling Li, Xing Wang	Qin-Yi Li, KING POLYTECHNIC ENGINEERING CO., LTD., Zhen-Pan Hong, Ying-Ling Li, Xing Wang
$1,000,000 (inclusive) ～ $2,000,000 (exclusive)		
$2,000,000 (inclusive) ～ $35,000,000 (exclusive)		
$3,500,000 (inclusive) ～ $5,000,000 (exclusive)		
$5,000,000 (inclusive) ～ $10,000,000 (exclusive)		
$10,000,000 (inclusive) ～ $15,000,000 (exclusive)		
$15,000,000 (inclusive) ～ $30,000,000 (exclusive)		
$30,000,000 (inclusive) ～ $50,000,000 (exclusive)		
$50,000,000 (inclusive) ～ $100,000,000 (exclusive)		
Above $100,000,000		
Total	5 people	5 people

Note 1: Names of supervisors shall be listed separately (both the name of the institution and its representative shall be listed for an institutional shareholder) and individual payments made shall be summarized and disclosed accordingly.
Note 2: Remuneration for supervisors in the most recent years (including salaries for supervisors, differential pay, severance pay, various types of bonuses, and rewards, etc.)
Note 3: The remuneration for supervisors assigned as approved by the Board of Directors from the most recent year.
Note 4: Related operational expenditures incurred by supervisors in the most recent year (including transportation, special expenditures, various allowances, dormitory, and company cars, among other supplies in kind). When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate the related remuneration that should be paid by the Company to the driver. The value, however, is not included herein.
Note 5: The total value of various types of remuneration paid to the Company's supervisors by all companies (including the Company) in the consolidated statement shall be disclosed.
Note 6: For the total value of various remuneration paid to each supervisor by the Company, disclose the name of the supervisor in the respective bracket.
Note 7: The total value of various types of remuneration paid to each of the Company's supervisors by all companies (including the Company) in the consolidated statement shall be disclosed. The name of the supervisor shall be disclosed in the bracket to which he/she belongs.
Note 8: After-tax profit refers to that shown in the individual financial statement of the most recent year.
Note 9:
a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's supervisors received shall be specified. (If none, indicate "N/A".)
b. If the Company's supervisors received related remuneration from re-invested businesses other than the subsidiaries or the parent company, such remuneration shall be consolidated in Field D of the bracket table and the field name shall be changed to "parent company and all re-invested businesses".
c. Remuneration includes the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company's supervisors for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.
＊The remuneration disclosed herein differ from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

3-3 Remuneration for general managers and vice Presidents

Unit: NT$1,000

Position	Name	Salary (A) (Note 2)		Retirement and pension fund (B)		Bonus and Special expenditure, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Ratio of the sum of A, B, C, and D to after-tax earnings (%) (Note 8)		Claim of remuneration from re-invested businesses other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company		All companies included in the financial statement (Note 5)		The Company	All companies included in the financial statement (Note 5)	
								Cash value	Stock value	Cash value	Stock value			
General Manager	Ming-Zhong Li	7,930	9,171	560(Note)	560(Note)	6,166	6,398	6,880	0	6,880	0	4.64%	4.96%	None
Senior Vice President	Jin-Long Lin													None
Vice President	Yi-Xun Li													None
Vice President	Jing-Yi Tsai													None

＊ Regardless of the title, any position equivalent to General Manager or Vice President(such as President, Chief Executive Officer, Executive Director, etc.) should be disclosed.

Note: The retirement and pension fund to be released was not what was actuate paid.

※: The General Manager of the Company is offered a personal car (NT$ 2.9 million) to facilitate utilization to fulfill official duties.

Remuneration bracket table

Bracket by which remuneration is paid to individual General Managers and Vice Presidents of the Company	Name of General Manager and Vice President	
	The Company (Note 6)	All companies included in the financial statement (Note 7)
Below $1,000,000		
$1,000,000 (inclusive) ～ $2,000,000 (exclusive)	Jing-Yi Tsai	Jing-Yi Tsai
$2,000,000 (inclusive) ～ $35,000,000 (exclusive)		
$3,500,000 (inclusive) ～ $5,000,000 (exclusive)	Yi-Xun Li, Jin-Long Lin	Yi-Xun Li, Jin-Long Lin
$5,000,000 (inclusive) ～ $10,000,000 (exclusive)		
$10,000,000 (inclusive) ～ $15,000,000 (exclusive)	Ming-Zhong Li	Ming-Zhong Li
$15,000,000 (inclusive) ～ $30,000,000 (exclusive)		
$30,000,000 (inclusive) ～ $50,000,000 (exclusive)		
$50,000,000 (inclusive) ～ $100,000,000 (exclusive)		
Above $100,000,000		
Total	4 people	4 people

Note 1: Names of the general managers and vice Presidents shall be listed separately and individual payments made shall be summarized and disclosed accordingly.

Note 2: The salaries, differential pay, and severance pay of the general manager and the Vice Presidentin the most recent year shall be provided.

Note 3: Various types of bonuses, rewards, transportation, special expenditures, various allowances, dormitory, and company cars, among other supplies in kind paid to the general managers and vice Presidents in the most recent year and other remuneration shall be provided. When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate the related remuneration that should be paid by the Company to the driver. The value, however, is not included herein. In addition, the value of compensation recognized according to IFR2 "share-based payment", including employee stock option certificates, restricted employee shares, and shares subscribed to upon increased capital in cash, shall be included in the calculation of remuneration, too.

Note 4: Employee remuneration (including stock and cash) distributed to general managers and vice Presidents through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally and Exhibit 1-3 shall be completed.

Note 5: The total value of various types of remuneration paid to the Company's general managers and vice Presidents by all companies (including the Company) in the consolidated statement shall be disclosed.

Note 6: For the total value of various remuneration paid to each general manager and Vice Presidentby the Company, disclose the name of the general manager and Vice Presidentin the respective bracket.

Note 7: The total value of various types of remuneration paid to each of the Company's general managers and vice Presidents by all companies (including the Company) in the consolidated statement shall be disclosed. The name of the general manager or the Vice Presidentshall be disclosed in the bracket to which he/she belongs.

Note 8: After-tax profit refers to that shown in the individual financial statement of the most recent year.

Note 9:

a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's general managers and vice Presidents received shall be specified. (If none, indicate "N/A".)

b. If the Company's general managers and vice Presidents received related remuneration from re-invested businesses other than the subsidiaries or the parent company, such remuneration shall be consolidated in Field E of the bracket table and the field name shall be changed to "parent company and all re-invested businesses".

c. Remuneration includes the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company's general managers and vice Presidents for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.

＊The remuneration disclosed herein differ from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

3-4 Remuneration of Top 5 supervisors in terms of remuneration in TWSE/TPEx listed companies

Unit: NT$1,000

Position	Name	Salary (A) (Note 2)		Retirement and pension fund (B)		Bonus and Special expenditures, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Ratio of the sum of A, B, C, and D to after-tax earnings (%) (Note 8)		Claim of remuneration from re-invested businesses other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company		All companies included in the financial statement (Note 5)		The Company	All companies included in the financial statement (Note 5)	
								Cash value	Stock value	Cash value	Stock value			
General Manager	Ming-Zhong Li	3,633	4,874	560(Note)	560(Note)	1,502	1,734	3,200	0	3,200	0	1.92%	2.23%	None
Senior Vice President	Jin-Long Lin	2,088	2,088	0	0	936	936	1,350	0	1,350	0	0.94%	0.94%	None
Vice President	Yi-Xun Li	1,735	1,735	0	0	828	828	1,280	0	1,280	0	0.83%	0.83%	None
Chief Financial Officer	Yi-Zhong Huang	1,244	1,244	0	0	360	360	600	0	600	0	0.47%	0.47%	
Marketing and Product Manager	Jia-Cheng Wu	857	857	0	0	356	356	320	0	320	0	0.33%	0.33%	

Note 1: The so-called "Top 5 supervisors in terms of remuneration" refers to managers of the Company. As for the determination criteria, the scope of application for managers as specified in the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003 from the former Securities and Futures Commission under the Ministry of Finance applies. The "Top 5 supervisors in terms of remuneration" are determined with the sum of the salaries, retirement and pension funds, bonuses, and special expenditures of all companies included in the consolidated financial statement claimed by the managers and the remuneration for employees (that is, the sum of A+B+C+D) and those in the first five places are chosen. If a director is also one of the above-mentioned supervisors, this table and the above table (1-1) should be completed.

Note 2: The salaries, differential pay, and severance pay of the Top 5 supervisors in terms of remuneration in the most recent year shall be provided.

Note 3: Various types of bonuses, rewards, transportation, special expenditures, various allowances, dormitory, and company cars, among other supplies in kind paid to the Top 5 supervisors in terms of remuneration in the most recent year and other remuneration shall be provided. When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate the related remuneration that should be paid by the Company to the driver. The value, however, is not included herein. In addition, the value of compensation recognized according to IFR2 "share-based payment", including employee stock option certificates, restricted employee shares, and shares subscribed to upon increased capital in cash, shall be included in the calculation of remuneration, too.

Note 4: Employee remuneration (including stock and cash) distributed to the Top 5 supervisors in terms of remuneration through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally and Exhibit 1-3 shall be completed.

Note 5: The total value of various types of remuneration paid to the Company's Top 5 supervisors in terms of remuneration by all companies (including the Company) in the consolidated statement shall be disclosed.

Note 6: After-tax profit refers to that shown in the individual financial statement of the most recent year.

Note 7: a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's Top 5 supervisors in terms of remuneration received shall be specified. (If none, indicate "N/A".)

b. Remuneration includes the compensation, rewards (including employees, directors, and supervisors), and payments from performing tasks received by the Company's Top 5 supervisors in terms of remuneration for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.

*The remuneration disclosed herein differ from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

3-5 Names of managers assigned with employee remuneration and the distribution

Unit: NT$1,000; March 11, 2020

	Job Title (Note 1)	Name (Note 1)	Stock value	Cash value	Total	Ratio of sum to after-tax earnings (%)
Manager	Chairman	Zong-Li Tsai	0	9,600	9,600	2.07%
	General Manager	Ming-Zhong Li				
	Senior Vice President	Jin-Long Lin				
	Vice President	Yi-Xun Li				
	Vice President	Jing-Yi Tsai				
	R&D Supervisor	Zong-Ming Lu				
	Marketing and Product Manager	Jia-Cheng Wu				
	Chief Financial Officer	Yi-Zhong Huang				
	Head of Accounting	Pei-Zhi Zhong				
	Head of the Production Department	Yu-Zheng Wu				

Note 1: The names and job titles of individuals shall be disclosed. The distribution of earnings, however, may be disclosed as an overview.

Note 2: Employee remuneration (including stock and cash) distributed to managers through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax profit refers to that in the most recent year. When the International Financial Reporting Standard is already adopted, after-tax profit refers to that shown in the individual financial statement of the most recent year.

Note 3: The scope of application for managers is based on the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003 from the Commission. It is as follows:

(1) General manager and equivalent

(2) Vice Presidentand equivalent

(3) Associate manager and equivalent

(4) Head of Finance

(5) Head of Accounting

(6) Other people taking care of management and with the right to give a signature

Note 4: If the director, general manager, and Vice Presidentclaim remuneration for employees (including stock and cash), besides Exhibit 1-2, this table shall be completed, too.

(IV) Compare and describe separately the analysis of ratios of the total remuneration paid to directors, supervisors, general managers, and vice Presidents of the Company for the past two years by the Company and all companies in the consolidated statement to after-tax earnings indicated in the entity or individual financial statements and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and management efficacy and risks in the future.

4-1. Analysis of ratios of the total remuneration paid to directors, supervisors, general managers, and vice Presidents of the Company for the past two years by the Company and all companies in the consolidated statement to after-tax earnings indicated in the entity or individual financial statements

Year	Ratios of the total remuneration to after-tax earnings indicated in the entity or individual financial statements (Note 1)			
Position	2018		2019	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Director	1.64%	1.64%	1.70%	1.70%
Supervisor	0.63%	0.63%	0.57%	0.57%
Chairman, General Manager, and Vice President	5.27%	5.63%	5.67%	5.99%
Total	7.54%	7.90%	7.94%	8.26%

Note 1: The after-tax earnings in the entity financial statements of 2018 and 2019 were NT$ 404,997,000 and NT$ 464,172,000, respectively.

Note 2: The Company's Board of Directors approved on March 11, 2020 the distribution of remuneration for employees for 2019 worth NT$ 10,044,535 and those for directors worth NT$ 31,389,172 and the decision was reported during the 2020 General Shareholders' Meeting.

4-2. Correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and management efficacy and risks in the future

(1) Remuneration for directors and supervisors can be divided into three categories, namely compensation, rewards, and payments from performing tasks.

The remuneration paid to the directors and supervisors are based on the requirements in Article 20 of the Company's Articles of Incorporation: "The company shall appropriate no less than 5% of its earnings as remuneration to its employees and no more than 1.6% of its earning as remuneration to the directors and supervisors, if applicable. The Company shall appropriate the loss carried forward for write-offs, if applicable." Once prepared by the Remuneration Committee, they are to be brought forth for discussions and approved by the Board of Directors and then reported during the shareholders' meeting. The Remuneration Committee and the Board of Directors shall take into consideration the extent of involvement in the Company's operations and the contributions of individuals while deciding reasonable rewards.

The rewards paid to independent directors of the current intake of the Company are prepared by the Remuneration Committee, discussed and approved by the Board of Directors, and brought forth during the shareholders' meeting and finalized; It is NT$ 20,000 per month.

For general directors of the current intake, the payments for performing tasks are prepared by the Remuneration Committee and discussed and approved by the Board of Directors of the Company.

Rewards for directors and supervisors are determined by the Board of Directors taking into consideration their involvement in the Company's operations and their contributions. Rewards from distribution of earnings are decided by profits from the Company's operations for the current year and hence are highly related to the operational performance of the Company.

(2) The assignment, dismissal, and rewards of general managers and vice Presidents of the Company are approved by the Board of Directors. The Company's remuneration policy is based on the individual's capability, contribution to the Company, and performance. It is positively correlated to the operational performance. The remuneration to be paid are stipulated by the Human Resources Unit of the Company. Once they are decided by the Remuneration Committee, they are brought forth to the Board of Directors to be approved. The overall compensation primarily consists of basic salary, bonuses, and employee rewards. The bonuses and employee rewards are decided by the profits from the Company's operations for the current year and hence are highly correlated with the Company's operational performance.

(3) Correlation with risks in the future

Since the Company is in the medical device business that features a high entry threshold and non-drastic changes, and the Company is currently in a stable condition financially without investments in any high-risk financial instruments or derivative financial instruments, and has no outstanding deficits from before, overall, the operational risk of the Company in the future is relatively insignificant. Therefore, compensation payment is not included as part of the risks in the future.

IV. Implementation of Corporate Governance

(I) Operational Status of the Board of Directors

The Board of Directors met 5 times (A) in the most recent year (2019). Attendance of directors and supervisors in the meetings is as follows:

Position	Name (Note 1)	Actual attendance (seated) frequency (B)	Attendance through proxy	Actual attendance (seated) ratio (%) (B/A) (Note 2)	Remarks
Chairman	Zong-Li Tsai	5	0	100%	
Director	Ming-Zhong Li	5	0	100%	
Director	Zong Yu Investment Co., Ltd. Representative: Jing-Yi Tsai	3	0	100%	Elected through the General Shareholders' Meeting on June 18, 2019 and having actually attended the Board of Directors' meetings three times
Director	Zong Yu Investment Co., Ltd. Representative: Jing-Wen Tsai	1	1	50%	Elected through the General Shareholders' Meeting on June 18, 2019 and having actually attended the Board of Directors' meetings two times
Director	Yi-Xun Li	5	0	100%	
Director	Pang-Yen Zhang	5	0	100%	
Director	Jin-Long Lin	5	0	100%	
Director	Yi-Zhong Huang	3	0	100%	Elected through the General Shareholders' Meeting on June 18, 2019 and having actually attended the Board of Directors' meetings three times
Independent Director	Zheng-Xiong Xu	5	0	100%	
Independent Director	Bin-Xi Lin	4	1	80%	
Supervisor	Ying-Ling Li	4	0	100%	
Supervisor	King Polytechnic Engineering Co., Ltd. Representative: Zhen-Pan Hong	4	0	80%	
Supervisor	Xing Wang	2	0	67%	Elected through the General Shareholders' Meeting on June 18, 2019 and having actually attended the Board of Directors' meetings three times
Supervisor	Qin-Yi Li	0	0	0%	Elected through the General Shareholders' Meeting on June 18, 2019 and having actually attended the Board of

					Directors' meetings two times

Other details to be documented:

1. When the operation of the Board of Directors is found to have one of the following conditions, the date, session No., details of proposals, opinions of all independent directors and how the Company handles the opinions shall be stated:
   (I) Matters listed in Article 14-3 of the Securities Exchange Act: Please refer to "Opinions about or Decisions Made about Important Proposals of Independent Directors" on Page 54 of this Annual Report.
   (II) Besides the foregoing, other resolutions reached in Board of Directors' meetings objected to or with reservations expressed by independent directors that are recorded or documented in written statements: None.
2. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting process shall be described: None
3. TWSE/TPEx listed companies shall disclose the evaluation cycle and duration, and scope, approach, and content of the evaluation, among other information, of the reviews performed independently by the Board of Directors or peer reviews and complete the implementation status of Board of Directors reviews in Exhibit 2(2): Applicable since 2021.
4. Reinforced assessments of functional objectives of the Board of Directors (e.g. to set up the Audit Committee and to enhance information transparency, among others) and implementation status of the objectives of the immediate year and the most recent year: The Company will work harder in enhancing the quality, transparency, and time-efficiency of information disclosure. The implementation is satisfying so far.

Note 1: When directors and supervisors are corporations, the name of the institutional shareholder, its representative, and the name shall be disclosed.

Note 2:
(1) In the event that directors or supervisors resign before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The actual attendance (seated) ratio (%) is calculated by the number of Board of Directors meetings held during service and the actual attendance (seated) in the meetings.
(2) In the event that directors or supervisors are re-elected before the end of a fiscal year, both the new and old directors and supervisors shall be listed and whether one is new or old or is serving a second term and the date of the re-election shall be indicated in the remarks field. The actual attendance (seated) ratio (%) is calculated by the number of Board of Directors meetings held during service and the actual attendance (seated) in the meetings.

The implementation status of the current year and the opinions about or decisions made about important proposals of independent directors are based on the requirements under Article 14-3 of the Securities Transaction Act.

Date of meeting	Important decisions made	Opinions about or decisions made about important proposals of independent directors
March 15, 2019	1. Recognition of the Company's 2018 Internal Control Statement 2. Approval of the addition or revision of the Company's Internal Audit System, Internal Audit Enforcement Rules, Internal Control System Self-assessment Operating Procedure, and Internal Audit Enforcement Rules Operating Procedure. 3. Approval of the addition or revision of the Internal Control System 4. Approval of the Company's 2018 Financial Statement 5. Approval of the Company's Business Report 6. Approval of the Company's Regulations Governing the Acquisition and Disposal of Assets 7. Approval of the revision of the Company's Operating Procedure for Lending to Others 8. Approval of the revision of the Company's Endorsement and Guarantee Operating Procedure 9. Approval of the Regulations Governing the Acquisition and Disposal of Assets of the subsidiary Zhong-De Investment Co., Ltd. 10. Approval of the revision of the Operating Procedure for Lending to Others of the subsidiary BIOTEQUE MEDICAL CO., LTD.	No opinions expressed by independent directors; Approved by all attending directors in the specific Board of Directors' meeting unanimously.
May 7, 2019	1. Approval of the revision of the Company's Operating Procedure for Lending to Others 2. Approval of the revision of the Company's Endorsement and Guarantee Operating Procedure	

Date of meeting	Important decisions made	Opinions about or decisions made about important proposals of independent directors
August 12, 2019	1. Approval of the revision of the Internal Control System of the subsidiary BMPI	
November 13, 2019	1. Approval of the 2020 Audit Plan 2. Approval of the establishment of the Internal Audit Enforcement Rules of the important subsidiary BIOTEQUE MEDICAL PHIL. INC. (BMPI) 3. Approval of the Audit Plan of the important subsidiary BIOTEQUE MEDICAL PHIL. INC. (BMPI) for 2020 4. Approval of the revision of the Internal Control System and the numeration of procedures added and corrected for the financing cycle of the subsidiary BMPI	

(III) Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(I) Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	■		The Company has established its corporate governance principles and they are disclosed on the Company's website and the MOPS.	No major deviations
(II) Shareholding structure & shareholders' rights 1. Does the company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?		■	Despite the fact that the Company does not have an internal operating procedure in place, the spokesperson system has been established as required. In cases of recommendations from shareholders or disputes, among others, throughout the Group, the Company's spokesperson will help address them.	No major deviations
2. Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	■		Changes in the shareholding status of directors, managers, and large shareholders with a holding ratio of 10% and above of the Company are all declared on a monthly basis as required by law.	No major deviations
3. Has the company established and implemented risk management and firewall mechanisms with its associated enterprises?	■		The risk control mechanism and firewalls of the Company are handled as required by the Company's Regulations for the Management of Subsidiaries and applicable laws and regulations.	No major deviations
4. Has the company established internal rules against insiders trading with undisclosed information?	■		The Group follows all applicable requirements and updates the related information and communicates on information from time to time in honor of the ethical corporate management principle.	No major deviations
(III) Composition and Responsibilities of the Board of Directors 1. Has the Board of Directors developed and implemented a diversified policy for the composition of its members?	■		(1) The diversification policy in the composition of the Company's Board of Directors is defined in its corporate governance principles and disclosed on the Company's website. It covers: The Board of Directors shall consist of members that generally possess the required knowledge, skills, and attainments to perform their duties. In order to fulfill the ideal goals for corporate governance, the Board of Directors as a whole shall be	No major deviations

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			capable of the following: making judgment about operations, accounting and financial analyses, operational management, crisis management, industrial knowledge, international market views, leadership, and decision-making. The Company's Board of Directors consists of diversified members. Refer to Page 46 of the Annual Report (Note 1) for how the Company consolidates its diversification policy in the composition of its Board of Directors. (2) Among the directors of the Company, independent ones account for 22% and directors who are also employees account for 56%. One of the independent directors has served on the Board of Directors for less than 3 years and one for 3 to 6 years. The Company values gender equity in the composition of its Board of Directors; The goal is to have at least two female directors.	
2. Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee that are established as required by laws?		■	The Company does not have any other functional committee yet and such committees will be set up reflective of the actual demand in the future.	The Company will set up such units reflective of actual demand in the future.
3. Has the company established standards and method for evaluating the performance of the Board of Directors, and does the Company implement the performance evaluation periodically and submit results of the performance evaluation to the Board of Directors, and use them for reference while deciding compensation and rewards for individual directors and nominating them for a second term in office?	■		According to the Board of Directors Performance Evaluation Guidelines and Procedures approved by the Board of Directors, the evaluation covers the following five major domains: involvement in the Company's operations, enhancement of decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the election and continuing education for directors, and internal control; the results will serve as reference in the nomination for a second term in office.	No major deviations
4. Does the company regularly evaluate the independence of CPAs?	■		While auditing the Company's financial statements, the CPAs are rigid and impartial in honor of detached independence. The Department of Finance evaluates the independence and	No major deviations

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			competency of CPAs annually and submitted the results for this year to the Board of Directors on May 11, 2020 to be approved. With regard to the independence and competency evaluation of CPS for 2020, please refer to Page 47 (Note 2) of this Annual Report.	
(IV) For TWSE/TPEx listed companies, is there an exclusive (combined) unit or person for corporate governance to take charge of related matters (including without limitation providing directors and supervisors with materials required for them to carry out their tasks, taking care of Board of Directors' meetings and shareholders' meetings as required by law, registering the company and changing registered information, preparing the minutes of Board of Directors' meetings and shareholders' meetings)?	■		Related corporate governance of the Company is handled by the respective units through the division of labor.	Related corporate governance of the Company is handled by respective units through the division of labor.
V. Has the company established a communication channel and build a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about?	■		The Company publishes operation information as required by applicable laws and regulations in order to protect the rights of stakeholders and the Company has the spokesperson system in place as required to address related issues. There is also the dedicated section for stakeholders on the Company’s website where issues concerning stakeholders are properly responded to.	No major deviations
(VI) Does the company designate a professional shareholder service agency to deal with affairs relating to shareholders meetings?	■		The Company authorizes the Registrar of President Securities Corporation to deal with them.	No major deviations
VII. Disclosure of Information (I) Has the company established a corporate website to disclose information regarding its financial, business and corporate governance status? (II) Does the company adopt other ways of disclosing information (e.g., maintaining an English website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	 ■ ■		 The Company has set up its own website; investors may get information about the Company through the MOPS or the Investor section on the Company’s website. The Company has assigned persons in charge of the respective units to take responsibility or disclosing the Company’s information as required by law to hopefully disclose information impacting decisions made by shareholders and stakeholders in real time and has assigned suitable people to serve as spokespersons and acting spokespersons as required by law. The Company announces respective major financial information	 No major deviations No major deviations

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company announce and declare its Annual Financial Statement within 2 months after a fiscal year ends and announce and declare the financial statements for the first, second, and third quarters and the operational status of each month by the required deadline?	■		and news by the deadline given by the competent authority.	No major deviations
(VIII) Is there any other important information available to facilitate a better understanding of the company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	■		(I) Employee rights and care: The Company was established nearly 20 years ago and has now quite a few senior employees, which reflects not only the fact that the Company offers benefits comparable to the average level in the industry but also that the Company's employment system and workplace meet regulatory criteria and that the employer and its employees are communicating with each other well. As a result, the employer and its employees are getting along and growing together. Senior employees are willing to stay with the Company and work for it, too. (II) Investor relations: Public information of the Company is disclosed on the MOPS as required by law in order to protect the rights of investors. (III) Supplier relations: The Company keeps communication channels open for suppliers and maintains a good relationship with them. (IV) Rights of stakeholders: Communication channels between the Company and its staff, customers, suppliers, and current banks have been open and available. The Company respects the legitimate rights of these parties. In addition, the Company has assigned a registrar to help address issues concerning shareholders. (V) Risk management policy and risk evaluation criteria: The Company has not set up a special unit to take charge of related risk management and risk evaluation tasks in the Company. As part of respective internal control tasks, however, the approval power is available over the review of respective forms and respective departments are following requirements. There is also the audit unit to inspect the internal control system of the Company periodically and from time to time and submit a report accordingly.	No major deviations

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			(VI) Implementation status of customer policies: There is a system available for customer relations management (CRM) under the Sales Department of the Company to centrally manage tasks and maintain related data with customers, keep communication channels with customers open, and maintain a good relationship. (VII) Purchase of liability insurance for directors and supervisors: The Company has had directors and supervisors covered in the liability insurance and it is specified in the Articles of Incorporation.	
(IX) Explain improvements made according to corporate governance evaluation results released in the most recent year by the corporate governance center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvements: None.				

Note: Whether “Yes” or “No” is checked for operational status, it shall be specified in the Summary field.

Note 1: Fulfillment of the diversification policy regarding the composition of the Company's Board of Directors

	Gender	Making judgment about operations	Accounting and financial analyses	Operational management	Crisis management	Industrial knowledge	International market views	Leadership	Decision-making
Zong-Li Tsai	Male	V	V	V		V	V	V	V
Ming-Zhong Li	Male	V	V	V	V	V	V	V	V
Zong Yu Investment Co., Ltd. Representative: Jing-Yi Tsai	Female		V	V		V	V	V	V
Yi-Xun Li	Male	V	V	V	V	V	V	V	V
Bang-Yen Zhang	Male	V		V	V	V	V	V	V
Jin-Long Lin	Male	V	V	V	V	V	V	V	V
Yi-Zhong Huang	Male	V	V	V	V	V	V	V	V
Zheng-Xiong Xu	Male	V	V	V	V	V	V	V	V
Bin-Xi Lin	Male		V			V	V	V	V
Ying-Ling Li	Female		V	V					
King Polytechnic Engineering Co., Ltd. Representative: Zhen-Pan Hong	Male	V	V	V	V	V	V	V	V
Xing Wang	Male	V	V	V	V	V	V	V	V

Note 2: 2020 CPA Independence and Competency evaluation Form

KPMG/ CPAs Ya-lin Chen and Yen-Da Su

Evaluation item	Assessment outcome	Remarks
1. The CPA is not directly or indirectly related to the Company in terms of financial interest.	True	
2. The CPA is not in a major close business relationship with the Company.	True	
3. The CPA was not in a potential employer-employee relationship with the Company at the time of audit.	True	
4. The CPA is not related to the Company in terms of money lending.	True	
5. The CPA has not received any offering or gift of significant value from the Company and the Company's directors and managers (the value exceeds the ordinary social etiquette level).	True	
6. The CPA has not provided the Company with audit service for seven years in a row.	True	
7. The CPA does not hold the Company's shares.	True	
8. The CPA, his/her spouse or dependent or audit team did not serve as the director or manager of the Company or hold a position with a major influence on cases being audited during the audit period or over the past two years and surely will not hold any of the above-mentioned positions during audit periods in the future.	True	
9. The CPA already meets applicable requirements about independence as stated in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 and the Independence Declaration of the CPA has been obtained.	True	

◆ After evaluation, the authorized CPAs are not found with any conditions in the above-mentioned independence evaluation sand hence their independence may be confirmed. The credibility of produced Financial Statement as expressed by them is free of issues.

4. Composition, Responsibilities, and Operations of the Remuneration Committee, If Available

(1) Membership of Remuneration Committee

Requirement / Position		More than five years of work experience and the following professional qualifications			Fulfillment of independence (Note 2)										Number of other public offering companies with part-time membership in their Compensation Committee	Remarks
		Lecturer or higher ranking at the business, legal affairs, financial affairs, or accounting department, or other departments relating to corporate operation of public and private colleges and universities	Judge, prosecutor, lawyer, CPA, or other professionals and technicians that have taken and been approved in national exams required for corporate operation	Required work experience to carry out business, legal affairs, financial affairs, accounting, or corporate operations	1	2	3	4	5	6	7	8	9	10		
Independent Director	Zheng-Xiong Xu	■		■	■	■	■	■	■	■	■	■	■	■	None	
Independent Director	Bin-Xi Lin	■	■		■	■	■	■	■	■	■	■	■	■	None	Newly elected on June 18, 2019
Others	Bao-Yue Wu			■	■	■	■	■	■	■	■	■	■	■	None	
Others	Zhi-Ji Liu	■		■	■	■	■	■	■	■	■	■	■	■	None	Retired on June 18, 2019

Note 1: Provide "director, independent director, or other" for "Status."

Note 2: When any of the following conditions is met for each member during the two years prior to and during their tenure, please check " " in the box underneath each conditional code.

(1) Not an employee of the Company or its associated enterprise.

(2) Not a director or supervisor of the Company or its associated enterprise (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(3) Not a natural person shareholder that holds more than 1% of all circulating shares of the Company or is in the Top 10 shareholding list by himself/herself or by his/her spouse or minor child in someone else's name.

(4) Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of

the managers listed under (1) or those listed under (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(8) Not a director, supervisor, or manager, or shareholder holding at least 5% of shares of a specific company or institution that is financially or commercially related to the Company (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

(9) Not a professional providing services or consultations on business, legal affairs, financial affairs, and accounting at the Company or its associated enterprise such as auditing that have brought about rewards accumulatively yet to exceed NT$ 500,000, or the owner, partner, director, supervisor, manager, and his/her spouse of a sole proprietorship or collaborative company or institution. This, however, does not apply to the Remuneration Committee, the Public Acquisition Review Committee, or the Special Mergers and Acquisitions Committee fulfilling its duties in accordance with the Securities Transaction Act or the Business Mergers and Acquisitions Act, among others.

(10) None of the conditions indicated under Article 30 of the Company Act

(2) Information on the operational status of the Remuneration Committee

I. The Company's Remuneration Committee has 3 members in total.

II. Current members will serve from June 18, 2019 to June 17, 2022. The Compensation Committee met 2 times (A) in the most recent year. Qualification and attendance of members are as follows:

Position	Name	Actual seated frequency (B)	Attendance through proxy	Actual attendance (seated) (%) (B/A) (Note)	Remarks
Convener	Zheng-Xiong Xu	2	0	100%	Elected for the second term on June 18, 2019
Committee member	Bin-Xi Lin	1	0	100%	Newly elected on June 18, 2019 and having actually attended the Remuneration Committee meetings once
Committee member	Bao-Yue Wu	2	0	100%	Elected for the second term on June 18, 2019
Committee member	Zhi-Ji Liu	1	0	100%	Inaugurated on June 18, 2019 and having actually attended the Remuneration Committee meetings once

Other details to be documented:
I. If the Board of Directors does not accept or modifies suggestions provided by the Remuneration Committee, the date of the Board of Directors meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and management of opinions from the Remuneration Committee by the Company should be stated (If the compensation and rewards approved by the Board of Directors are superior to those advised by the Remuneration Committee, there should be descriptions of the differences and reasons considered): None.
II. For decisions made by the Remuneration Committee, as long as there are members objecting or having reservations that are recorded or stated in writing, the date of the Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.
III. Contents of proposals and decisions made by the Remuneration Committee and the Company's handling of opinions from the Remuneration Committee:

Remuneration Committee meeting	Contents of the proposal	Decision	The Company's handling of opinions from the Remuneration Committee
Third Intake No. 6	1. Distribution of the Company's remuneration to its managers, employees, and directors and supervisors in 2018. 2. Decision over the compensation and rewards of directors, supervisors, and managers; the scope shall be consistent with the remuneration stated about directors and supervisors and managers in the Guidelines for Matters to be Included in the Annual Reports of Public Companies. 3. Defining rewards for independent directors of the 11th intake. 4. Defining transportation reimbursements for directors and supervisors of the 11th intake. 5. Review of the compensation structure for authorized managers. 6. Revision of the Company's Remuneration Committee Organic Rules.	They were approved by the Committee unanimously.	They were approved by all attending directors of the Board of Directors.
Fourth Intake No. 1	1. Referral of the convener of the Remuneration Committee of the current intake and the chairperson of the meeting. 2. Defining the salary of authorized managers of the 11th intake and the salary raise for 2019 for managers.	They were approved by the Committee unanimously.	They were approved by all attending directors of the Board of Directors.

Notes:

(1) In the event that members of the Remuneration Committee resign before the end of a fiscal year, the date of resignation shall be indicated in the remarks field. The actual attendance ratio (%) is calculated by the number of Remuneration Committee meetings held during service and the actual attendance frequency in the meetings.

(2) In the event that members of the Remuneration Committee are re-elected before the end of a fiscal year, both the new and old members of the Remuneration Committee shall be listed and whether one is new or old or is serving a second term and the date of the re-election shall be indicated in the remarks field. The actual attendance ratio (%) is calculated by the number of Remuneration Committee meetings held during service and the actual attendance frequency in the meetings.

(V) Fulfillment of social responsibilities and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons: systems and measures adopted by the Company for environmental protection, community involvement, giving back to society, community service, public interest, consumer rights, human rights, safety and health, and other social responsibilities-related activities and implementation status.

Evaluation item	Operational status (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary (Note 2)	
I. Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company's operations according to the materiality principle and define related risk management policies or strategies? (Note 3)	■		The Company proactively addresses environmental, social, and corporate governance-related issues that have to do with the Company's operations.	No major deviations
II. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management as authorized by the Board of Directors and does it report its progress to the Board of Directors?		■	No specialized units are set up for the Company but the belief in corporate management, social responsibilities and obligations continue to be communicated by the General Manager's Office.	There are no specialized (part-time) units in place yet. They will be set up to reflect actual needs in the future.
III. Environmental Issues (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	■		The main office does not give rise to harmful factors impacting the environment. The Yilan Plant follows the respective environmental protection laws and regulations and has purchased equipment or updated or improved the current factors to prevent pollution.	No major deviations
(II) Has the company endeavored to improve the efficiency of resource utilization and used recycled materials which have a low impact on the environment?	■		The Company proactively promotes resource utilization efficiency by installing water-conserving devices onto faucets, e-operations, reducing the amount of paper used, classifying and reducing garbage, recycling resources and kitchen leftovers, and	No major deviations

			using personal dining ware, etc., in order to protect resources on earth and to protect environmental hygiene. Meanwhile, air-conditioning equipment runs only when the indoor temperature reaches 26℃ and above.	
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopts responsive measures regarding climate-related issues?	■		Energy conservation is practiced in offices and at production lines and equipment has been replaced by energy-conserving alternatives to help accomplish energy conservation and carbon reduction.	No major deviations
(IV) Does the Company tally the total greenhouse gas emissions, water usage, and waste generated over the past 2 years and have energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management policies in place?	■		(I) The Company engages in development of a green medicine industry as its long-term goal and continues to promote energy conservation and carbon reduction, green purchasing, and respective sustainable development proposals: Process waste is handed over to recycling contractors for resource reutilization. Meanwhile, the promotion of e-forms continues in order to reduce the amount of paper used and conservation of electricity and water is communicated. In order to enhance the energy utilization ratio, conservation of energy continues to be communicated to the staff. Products that are energy-saving and bear the environmental protection symbol are prioritized in procurement in order to minimize impacts on the environment. For newly-built facilities, green building materials will be extensively adopted and green energy will be used in order to reduce the use of non-renewable energies and to reduce impacts on the environment in an effort to	No major deviations

			proactively promote a friendly environment. (II) The Company has specialists in environmental safety and health. They perform tests and declare them as required to consolidate prevention of pollution and to ensure employee health, environmental safety, sanitation, and to comply with the latest international standards and regulatory requirements. (III) The energy conservation and carbon reduction strategies of the Company are described as follows: 1. Sound environmental management system that is constantly improved: In order to promote an effectively operating environmental management system, to continue advancing respective environmental management proposals, and to precisely follow regulatory requirements, spontaneous environmental inspections are performed periodically and low-carbon energy technologies and equipment are introduced to slow down impacts brought about by climate change. 2. Reduced use of energy and enhanced efficiency: The Company spontaneously promotes energy management. The use of water, electricity, and various types of energy are controlled. Energy-saving products are used, such as LED lights, thermal pumps, IE3 motors, air compressors with converters, hot water produced through waste heat exchange of the	

			air compressor to support manufacturing processes and the demand in dormitories, continuous promotion of e-forms, periodic communications on energy conservation, promotion of public vehicle pooling, and energy conservation as the primary means of carbon reduction. 3. Consolidation of recycling and waste reduction measures to minimize impacts: Waste reduction management continues to effectively reduce the total amount of business waste generated and to enhance recyclable waste resources. Environmentally friendly packing materials are used. Meanwhile, process waste reduction is included into consideration while pollution control and improvement measures are being gradually enforced, including water pollution prevention and control, air pollution prevention and control, and management of toxic chemicals in order to ensure staff health and safety and to avoid impacts on the environment.	
IV. Social involvement issues (I) Has the company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	■		The Company’s work rules over personnel management are established based on labor laws and regulations and are meant to protect both the employer and the employees and they cover employee attendance reviews, evaluations, penalties and rewards, and employment policies that are meant to protect the legitimate rights of employees.	No major deviations

(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	■		Wages include the monthly base salaries, differential pay, other allowances, food allowances, shift rotation allowances, and overtime paid under the Labor Standards Act. Non-wage subsidies are addressed according to respective regulations. The prizes available under the respective reward systems are a certain percentage of the remainder of profits or earnings, if any, after settlement and after taxes are paid, deficits are made up for, and dividends and reserve funds have been set aside. The release criteria are based on the goals of respective departments and the base count associated with the respective job responsibilities and evaluation results.	No major deviations
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	■		The Company's Employee Welfare Committee arranges subsidies to support employee events, such as travels, meal gatherings, and weddings, funerals, celebrations to hopefully provide employees with a comfortable and safe workplace. Health examinations for employees are also arranged periodically to ensure physical and mental health of employees.	No major deviations
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career?	■		The Company has a professional training program in place to support career developments and ensure that its people can perform the tasks required for their positions while at the same time receiving continuing education to gain the expertise that will help with their promotion.	No major deviations

(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers?	■		The Company values the satisfaction that its customers have about the quality of its services and products. In light of the fact that medical devices are closely related to human health, ensuring user safety is the paramount goal. The Company continues to consolidate quality management on all fronts. Respective operations are meeting the requirements of applicable laws and regulations.	No major deviations
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations on issues such as environmental protection, occupational safety and health, or human rights of workers and how are they implemented?	■		The Company has the partner control procedure in place. The Company continues to communicate its corporate social responsibility policy and practice to its suppliers in order to accomplish balanced economic, social, and environmental developments.	No major deviations
V. Does the Company prepare a Corporate Social Responsibility Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?		■	Despite the fact that the Company has not prepared its Corporate Social Responsibility Report, related operations continue to be promoted.	Related operations continue to be promoted.
VI If the Company has its own CSR principles established according to the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, please describe the differences between its implementation and the principles:				
VII. Other Important Information to Help Understand Utilization of Corporate Social Responsibilities: 1. The Company periodically donates to institutions to do something for the public interest. 2. In the outbreak of COVID-19 in 2020, to do something for first-line healthcare professionals in Taiwan, the Company donated closed sputum suction tubes through its dealers to hospitals.				

Note 1: If "Yes" is checked for the operational status, please clarify the important policies, strategies, measures adopted and how they are implemented. If "No" is checked for the

operational status, please explain the reason and the plan to adopt related policies, strategies, and measures in the future.
Note 2: If the CSR Report has been prepared, how the CSR Report can be accessed and the index page number may be indicated for the operational status instead.
Note 3: The materialities principle refers to significant impacts that environmental, social, and corporate governance issues have on the Company’s investors and other stakeholders.

(VI) Status of Ethical Corporate Management and Measures Adopted

Evaluation item	Operational status (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary (Note 2)	
I. Establishment of an ethical corporate management policy and proposals:				
(I) Has the Company defined ethical corporate management policies approved by the Board of Directors and declared its ethical corporate management policies and procedures in its rules and external documents, as well as the commitment of its Board of Directors and high-ranking management to implementing the management policies?	■		The Company includes “integrity, diligence, and frugality” as part of its corporate culture and the management leads by example while asking all employees to follow suite so that it is practiced thoroughly.	No major deviations
(II) Has the Company established an evaluation mechanism for unethical behavioral risks that helps periodically analyze and evaluate operational activities of relatively high unethical behavioral risks within the scope of operation and defined a solution to prevent unethical behavior accordingly that covers at least the preventive measures against respective acts under Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.	■		In order to consolidate the management culture of the Company, educational training is provided to all employees periodically and the purpose of communicating the belief in integrity and the virtue of being diligent and frugal has been fulfilled.	No major deviations
(III) Has the Company specified the operating procedures, guidelines of conduct, punishment for violators, and rules of appeal in the solution to prevent unethical behavior, and enforced them, and periodically reflected upon and amended the foregoing	■		The Company has rewards and punishments guidelines in place for its employees. Staff review meetings are held	No major deviations

Evaluation item	Operational status (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary (Note 2)	
solution?			from time to time. It is strictly prohibited for staff to be engaged in foul play, fraud, embezzlement, bribery and corruption, and accept commissions. The highest punishment possible is having related people fired. The Company also signs the Integrity Commitment with partners in order to prevent suppliers from getting into unlawful acts with its staff, such as tunneling.	
II. Consolidation of ethical corporate management (I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?	■		The Company has created periodic evaluation and approval mechanism for both customers and suppliers. While concluding the contract, the rights and obligations of both parties are defined in order to protect the rights of the Company.	No major deviations
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent against unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)?		■	The Company does not have specialized units in place yet but ethical corporate management continues to be communicated by the General Manager' Office.	The Company will set up an exclusive unit to address ethical corporate management reflective of actual demand in the future.
(III) Has the Company established policies to prevent	■		In order to prevent against conflicts of	No major deviations

Evaluation item	Operational status (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary (Note 2)	
against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?			interest, among others, the Company set up the General Manager’s Mailbox where workers can give their advice.	
(IV) Has the Company created effective accounting and internal control systems to consolidate ethical corporate management and does the internal audit unit stipulates related audit plans according to the evaluation results of unethical behavioral risks and inspect compliance with the solution to prevent against unethical behaviors or authorize the CPAs to perform inspections?	■		To ensure consolidation of ethical corporate management, the Company has an effective accounting system and internal control system in place and compliance is being periodically examined.	No major deviations
(V) Does the Company hold internal and external educational trainings on ethical management regularly?	■		The Company continues with related educational training and communication internally.	No major deviations
III. Reporting System of the Company (I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists investigate reported matters?	■		The Company has the General Manager’s Mailbox in place for workers to report and file complaints.	No major deviations
(II) Has the company established any standard operating procedures, subsequent measures to be adopted after the investigation is completed, or confidentiality mechanisms for handling reported matters?		■	None.	The Company will follow actual demands and regulatory requirements and handle accordingly in the future.

Evaluation item	Operational status (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary (Note 2)	
(III) Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports?	■		The reporting party is kept confidential throughout the process by the Company and will not be punished as a result of reporting it.	No major deviations
IV. Reinforced Information Disclosure Has the company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS.?	■		The Company discloses the implementation status of ethical corporate management in its Annual Report and uploads it to the MOPS as required.	No major deviations
V. If the company has its own Ethical Management Principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the differences between its implementation and the principles: The Company has not stipulated its own Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies yet.				
VI. Other important information that helps understand the implementation of ethical corporate management of the company: (e.g. discussion and correction of the Ethical Management Principles established by the company): None.				

Note 1: Whether “Yes” or “No” is checked for operational status, it shall be specified in the Summary field.

(VII) How they may be found shall be disclosed if the company has established Corporate Governance Principles and related regulations: None.

(VIII) Other important information that is sufficient to boost knowledge of corporate governance shall also be disclosed: None.

(IX) Implementation status of internal control system: The following shall be disclosed.

(1) Internal Control Statement

BIOTEQUE CORPORATION
Internal Control System Declaration

Date: March 11, 2020

For the Company's internal control system of 2019, we would like to declare as follows according to the results of spontaneous inspections:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. The purpose of the system is to reasonably ensure the achievement of various objectives, including operational efficiency and effectiveness (including profitability, business performance and the security of assets), the reliability, timeliness and transparency of information disclosed, and compliance with relevant guidelines as well as relevant laws and regulations.

II. The internal control system has its inherent restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.

IV. The Company has already adopted the aforesaid items for assessing the effectiveness of its internal control system in terms of system design and implementation.

V. Pursuant to the results of the above-mentioned evaluations, the Company is of the view that the design and implementation of its internal control system as of December 31, 2019 Note 2 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.

VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. If the aforesaid published contents are found to be false, or fraudulent in any way, the Company and its management shall be legally liable in accordance with Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement was approved at the meeting of the Company's Board of Directors on March 11, 2020 with no directors expressing dissent out of the 9 Directors in attendance. All agreed on the contents of this Statement. Please take note of it.

BIOTEQUE CORPORATION

Chairman: Signature/Seal
General Manager: Signature/Seal

(2) If review of the internal audit system is outsourced to CPAs as an exception, the CPA Review Report shall be disclosed: None.

(X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements in the most recent year and up to the date the Annual Report was printed: None.

(XI) Important decisions reached in shareholders' meetings and made by the Board of Directors in the most recent year up to the date the Annual Report was printed:

Date	Important Decision and Implementation Status
General Shareholders' Meeting on June 18, 2019	1. 2018 final accounting books Implementation status: After voting, this proposal was approved as is. 2. Distribution of 2018 earnings. Implementation status: September 5, 2019 was set to be the baseline for the distribution. All were distributed on September 26, 2019 as approved through the shareholders' meeting. (Cash dividends per share NT$4) 3. Revision of the Guidelines for Electing the Board Directors and Supervisors Implementation status: It was announced on the Company's website on June 18, 2019 and the post-revision procedure has been followed. 4. Revision of the Procedures for the Acquisition or Disposal of Assets of the Company Implementation status: It was announced on the Company's website on June 18, 2019 and the post-revision procedure has been followed. 5. Revision of the Operating Procedure for Lending to Others Implementation status: It was announced on the Company's website on June 18, 2019 and the post-revision procedure has been followed. 6. Revision of the endorsement and guarantee operating procedure Implementation status: It was announced on the Company's website on June 18, 2019 and the post-revision procedure has been followed. 7. Rewards for independent directors of the 11th intake Implementation status: The rewards at NT$ 20,000 per month were given to independent directors as approved through the shareholders' meeting. 8. Election of the Company's directors of the 11th intake (including independent directors) and supervisors List of directors-elect: Zong-Li Tsai, Ming-Zhong Li, Zong Yu Investment Co., Ltd. representative Jing-Yi Tsai, Yi-Xun Li, Pang-Yen Zhang, Jin-Long Lin, Yi-Zhong Huang List of independent directors-elect: Zheng-Xiong Xu, Bin-Xi Lin List of supervisors-elect: Supervisor Ying-Ling Li, King Polytechnic Engineering Co., Ltd. representative Zhen-Pan Hong, Xing Wang Implementation status: Registration was approved by the Department of Commerce under the Ministry of Economic Affairs on July 31, 2018 and was announced on the Company's website. 9. Intended removal of non-competition pledge obligations for newly-elected directors during the current General Shareholders' Meeting Implementation status: After voting, this proposal was approved as is.

Date of meeting	Important decisions made
March 15, 2019	1. Recognition of the Company's 2018 Internal Control Statement 2. Approval of bank loans 3. Approval of the addition or revision of the Company's Internal Audit System, Internal Audit Enforcement Rules, Internal Control System Self-assessment Operating Procedure, and Internal Audit Enforcement Rules Operating Procedure. 4. Approval of the addition or revision of the Internal Control System 5. Approval of the Company's 2018 Financial Statement 6. Approval of the Company's Business Reports (including the 2018 Business Report and the 2019 Business Plan) 7. Approval of the time, venue, agenda, and deadline by which shareholders

Date of meeting	Important decisions made
	may submit their proposals and where they may be sent to, etc. of the 2019 General Shareholders' Meeting 8. Approval of the distribution of 2018 earnings 9. Approval of the election of the Company's directors (including independent directors) and supervisors 10. Approval of the intended removal of non-competition pledge obligations for newly-elected directors after the General Shareholders' Meeting 11. Approval of the duration, number of openings, and processing sites for the nomination of candidates for independent directors for the 2019 General Shareholders' Meeting 12. Approval of the list of independent director candidates and their reviews 13. Approval of the Company's Regulations Governing the Acquisition and Disposal of Assets 14. Approval of the revision of the Company's Operating Procedure for Lending to Others 15. Approval of the revision of the Company's Endorsement and Guarantee Operating Procedure 16. Approval of the revision of the Company's Operating Guidelines for the Supervision of Subsidiaries 17. Approval of the establishment of the Company's Standard Operating Procedure for Requests from Directors 18. Approval of the Regulations Governing the Acquisition and Disposal of Assets of the subsidiary Zhong-De Investment Co., Ltd. 19. Approval of the revision of the Operating Procedure for Lending to Others of the subsidiary BIOTEQUE MEDICAL CO., LTD. 20. Approval of the application for funds lent to the subsidiary BIOTEQUE MEDICAL CO., LTD(SAMOA) and extension of the contract with BIOTEQUE MEDICAL PHIL. INC.(BMPI) 21. Approval of the intended establishment of rewards for independent directors of the 11th intake 22. Approved of the establishment of transportation reimbursements for directors and supervisors of the 11th intake 23. Approved of the revision of the Company's Remuneration Committee Organic Rules 24. Approval of the distribution of the Company's remuneration to its employees and directors and supervisors in 2018. 25. Approval of the decision over the compensation and rewards of directors, supervisors, and managers; The scope shall be consistent with the remuneration stated about directors and supervisors and managers in the Guidelines for Matters to be Included in the Annual Reports of Public Companies. 26. Approved of the review of the compensation structure for authorized managers
May 7, 2019	3. Approval of bank loans 4. Approval of the revision of the Company's Operating Procedure for Lending to Others 5. Approval of the revision of the Company's Endorsement and Guarantee Operating Procedure 6. Approval of the adjustment of the payment terms of BIOTEQUE MEDICAL DISTRIBUTION PHIL. INC.(BIOTEQUE) to affiliated enterprises 7. Approval of the prohibition over funds lending, endorsement and guarantee, and derivative financial instruments for Zhong-De Investment Co., Ltd., BIOTEQUE MEDICAL PHIL. INC.(BMPI), and BIOTEQUE MEDICAL DISTRIBUTION

Date of meeting	Important decisions made
	PHIL. INC.(BIOTEQUE) 8. Approval of the clean room Stage 3 project and equipment expansion of BIOTEQUE MEDICAL PHIL. INC.(BMPI)
August 12, 2019	1. Approval of the defining of related matters such as the ex-dividend base date for distribution of cash dividends of 2019 2. Approval of the Remuneration Committee members, three in total, of the fourth intake as assigned by the Board of Directors 3. Approval of bank loans 4. Follow-up approval of the establishment of BIOTEQUE INDONESIA MARKETING COMPANY in Jakarta, Indonesia 5. Approval of the appointments of Vice President(Jing-Yi Tsai) of the General Manager’s Office, Associate Manager (Yi-Zhong Huang) at the Philippines Plant, Marketing and Product Manager (Jia-Cheng Wu), and the Head of Research and Development (Zong-Ming Lu) of the Company 6. Approval of the revision of the Internal Control System of the subsidiary BMPI
November 13, 2019	1. Approval of the 2020 Audit Plan 2. Approval of the establishment of the Internal Audit Enforcement Rules of the important subsidiary BIOTEQUE MEDICAL PHIL. INC. (BMPI) 3. Approval of the Audit Plan of the important subsidiary BIOTEQUE MEDICAL PHIL. INC. (BMPI) for 2020 4. Approval of the revision of the Internal Control System and the numeration of procedures added and corrected for the financing cycle of the subsidiary BMPI 5. Approval of the 2020 budget 6. Approval of the purchase of software and hardware equipment for self-production or operations with the earnings from 2018 yet to be distributed 7. Approval of bank loans 8. Approved of the defined salary of authorized managers of the 11th intake and the salary raise for 2019 for managers. 9. Approval of the distribution of the Company’s remuneration to its employees for 2018 and the bonus assignment for 2019 for managers 10. Approval of the ratio of year-end bonus to be distributed to managers of the Company
March 11, 2020	1. Approval of bank loans 2. Approval of the recognition of the Company’s 2019 Internal Control System Statement 3. Approval of the establishment of the Company's Corporate Governance Best-Practice Principles 4. Approval of the establishment of the Company’s Board of Directors and Individual Directors Performance Evaluation Guidelines 5. Approval of the periodic review of the independence of CPAs of the Company 6. Approval of the recognition of the Company’s 2019 Financial Statement 7. Approval of the Company’s Business Reports (including the 2019 Business Report and the 2020 Business Plan) 8. Approval of the distribution of 2019 earnings 9. Approval of the time, venue, agenda, and deadline by which shareholders may submit their proposals and where they may be sent to, etc. of the 2020 General Shareholders’ Meeting 10. Approval of the earnings transferred capital increase of the subsidiary of a subsidiary BIOTEQUE in the Philippines 11. Approval of the distribution of earnings of the subsidiary BIOTEQUE MEDICAL CO., LTD(SAMOA)

Date of meeting	Important decisions made
	12. Approval of the construction of a plant in Yilan Science Park 13. Approval of the distribution of the Company's remuneration to its employees and directors and supervisors in 2019

(XII) Main contents of different opinions of directors or supervisors that are recorded and stated in writing on important decisions made by the Board of Directors in the most recent year and up to the date the Annual Report was printed: None

(XIII) Summary of resignations and dismissals of the Company's Chairman, general managers, accounting heads, financial heads, internal audit heads, and R&D heads in the most recent year and up to the date the Annual Report was printed:

Position	Name	Date of Elected	Date of dismissal	Reason for resignation or dismissal
R&D Supervisor	Zhi-Ming Lan	August 8, 2016	August 12, 2019	Rotation of Positions

Note: Related parties of the Company as indicated refer to the Chairman, the General Manager, the Head of Accounting, the Head of Finance, the Head of Internal Audits, the Head of Corporate Governance, and the Head of Research and Development.

V. Information on Independent Auditor

(1) Bracket table of information for the Audit fee of Independent Auditor

Name of Accounting Firm	Name of CPA		Duration of Inspection	Remarks
KPMG	Ya-lin Chen	Yen-Da Su	January 1, 2019 ~ December 31, 2019	

Value bracket \ Fee Item		Audit Fee	Non-Audit Fee	Total
1	Below $ 2,000,000	0	0	0
2	$ 2,000,000 (inclusive) ~ $ 4,000,000	2,740	0	2,740
3	$4,000,000 (inclusive) ~ $6,000,000	0	0	0
4	$ 6,000,000 (inclusive) ~ $ 8,000,000	0	0	0
5	$ 8,000,000 (inclusive) ~ $ 10,000,000	0	0	0
6	$10,000,000 and above	0	0	0

(II) When the non-audit fee paid to CPAs, their firms, and their associated enterprises accounts for more than one-fourth of the audit fee, the values of both audit and non-audit fee and contents of non-audit services shall be disclosed: None

(III) When the accounting firm is changed and the audit fee in the year of replacement is reduced compared to that in the preceding year, the audit fee before and after the replacement and the reasons shall be disclosed: None

(IV) When the audit fee are reduced by more than 15% from the preceding year, the value reduced and its ratio and cause shall be disclosed: None

VI. Information on Replacement of Independent Auditors:

<table>
<tr><td>Date of Replacement</td><td colspan="4">Approved by the Board of Directors on March 15, 2018</td></tr>
<tr><td>Reason for Replacement and Description</td><td colspan="4">Due to the internal rotation of positions at the Accounting Firm, the Company’s Financial Statements that were originally audited and certified by CPAs Ya-lin Chen and Bo-Shu Huang would be audited and certified by CPAs Ya-lin Chen and Yen-Da Su starting in the first quarter of 2018.</td></tr>
<tr><td rowspan="3">Explain if the appointee or accountant is terminated or does not accept the appointment</td><td colspan="2">Client
Condition</td><td>Certified Public Accountant</td><td>Appointee</td></tr>
<tr><td colspan="2">Spontaneous termination of appointment</td><td colspan="2" rowspan="2">Not Applicable</td></tr>
<tr><td colspan="2">Does not accept (continue with) appointment</td></tr>
<tr><td>Opinions expressed in audit reports other than no reservations issued within the most recent two years and the reason</td><td colspan="4">Not Applicable</td></tr>
<tr><td rowspan="6">Different opinions from those of the publisher</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Scope of inspection or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3"></td></tr>
<tr><td colspan="4">Description: Not Applicable</td></tr>
<tr><td>Other matters disclosed (Those that should be disclosed as indicated in Article 10 Subparagraph 6 Items 1-4 to 1-7 of these Guidelines)</td><td colspan="4">No</td></tr>
</table>

VII. Disclosure of the name, position, and duration of service at firms or their associated enterprises in the most recent year of the Company chairman, general manager, and managers in charge of financial or accounting affairs: None.

VIII. Changes in the transfer and pledge of equity among directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% in the most recent year and up to the date the Annual Report was printed

Unit: Share

Job Title (Note 1)	Name	2019		Year up to April 11, 2020	
		Increase /Decrease in the number of shares held	Increase /Decrease in the number of shares pledged	Increase /Decrease in the number of shares held	Increase /Decrease in the number of shares pledged
Chairman	Zong-Li Tsai	(18,000)	0	0	0
Director and General Manager	Ming-Zhong Li	0	0	0	0
Director	Zong Yu Investment Co., Ltd.	0	0	0	0
Director Representative and Vice President	Jing-Yi Tsai	0	0	0	0
Director and Vice President	Yi-Xun Li	0	0	0	0
Director	Pang-Yen Zhang	0	0	0	0
Director and Senior Vice President	Jin-Long Lin	0	0	0	0
Director and Head of Finance	Yi-Zhong Huang	22,000	0	0	0
Independent director	Zheng-Xiong Xu	0	0	0	0
Independent director	Bin-Xi Lin	0	0	0	0
Supervisor	Qin-Yi Li (Note 3)	0	0	0	0
Supervisor	Ying-Ling Li	0	0	0	0
Supervisor	KING POLYTECHNIC ENGINEERING CO., LTD.	0	0	0	0
Representative of the supervisor	Zhen-Pan Hong	0	0	0	0
Supervisor	Xing Wang	0	0	0	0
Head of Accounting	Pei-Zhi Zhong	0	0	0	0
R&D Supervisor	Zong-Ming Lu (Note 4)	0	0	0	0

Note 1: A shareholder holding more than 10% of the total shares in the Company shall be indicated as major shareholder and be listed separately.

Note 2: If the counterparties in the transfer or pledge of equity are stakeholders, the following table shall also be completed.

Note 3: Retired on June 18, 2019

Note 4: Served as Head of Research and Development on July 31, 2019

IX. Information on the relationships among the Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship.

Name	Shares held in person		Shares held by spouse and minor child(ren)		Shares held in someone else's name		The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship (Note 3)		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title	Relationship	
Zong-Li Tsai	3,029,000	4.37	0	0	0	0	Meng-Jie Jiang	Son-in-Law	Chairman of the Company
Yishuitang Investment Co., Ltd.	3,000,000	4.33	Not Applicable	Not Applicable	0	0	No	No	
Representative: Jun-Yao Lin	0	0	0	0	0	0	No	No	
HSBC Hosting Morgan Stanley International Limited account	2,571,549	3.71	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
JP Morgan Hosting Swed Bank Robur Global Emerging Account	2,457,000	3.54	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Zong Yu Investment Co., Ltd.	1,611,752	2.33	Not Applicable	Not Applicable	0	0	No	No	Institutional Director of the Company
Representative: Meng-Jie Jiang	40,000	0.06	178,572	0.26	0	0	Zong-Li Tsai	Son-in-Law	
Ming-Zhong Li	1,445,346	2.08	15,689	0.02	319,824	0.46	Yi-Xun Li	Son	General Manager of the Company
Yi-Xun Li	1,320,245	1.91	10,000	0.01	0	0	Ming-Zhong Li	Son	Vice Presidentof the Company
Miao-Hua Li	1,094,402	1.58	0	0.00	0	0.00	No	No	
Guo-Fong Liao	1,059,289	1.53	810,831	1.17	0	0.00	No	No	
HSBC Hosting Escrows Magnificent Peak Global Opportunities Fund	1,055,000	1.52	Not Applicable	Not Applicable	0	0	No	No	

Note 1: All of the Top 10 shareholders shall be listed. If they are institutional shareholders, the names of the

institution and its representative shall both be listed.
Note 2: The shareholding ratio is calculated separately by the individual concerned, his/her spouse, minor child, or in another person's name.
Note 3: The shareholders listed in the foregoing include institutional entities and natural persons. The mutual relationships shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Number of shares held by the Company, the Company's directors, supervisors, managers, and directly or indirectly controlled businesses and the consolidated general holding ratio

Unit: Share; %; March 31, 2020

Re-invested business (Note)	Investment made by the Company		Directors, supervisors, managers, and directly or indirectly controlled businesses		Comprehensive investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
BIOTEQUE MEDICAL CO., LTD	500,000	100	0	0	500,000	100
Zhong-De Investment Co., Ltd.	2,880,000	100	0	0	2,880,000	100
BIOTEQUE MEDICAL PHIL.INC.	4,480,775	100	0	0	4,480,775	100
BIOTEQUE MEDICAL DISTRIBUTION PHIL. INC	100,000	100	0	0	100,000	100

Note: It is the investment of the Company using the equity method.

IV. Fund-raising

I Capital and Shares

1. Source of Capital Stock

Unit: 1,000 shares; NT$1,000

MM / YYYY	Issue price ($)	Approved capital stock		Paid-in capital stock		Remarks		
		Shares	Value	Shares	Value	Source of capital stock	Using properties other than cash to write off the stock value	Others
March 2016	66.6	120,000	1,200,000	69,298	692,983	Convertible corporate bonds converted to common stock	0	March 2016 Jing-Shou-Shang No. 10501048020 Letter

Note 1: Data in the same year up to the date the Annual Report was printed should be provided.
Note 2: For capital increase, the date it takes effect (is approved) and the document number should be indicated.
Note 3: Shares that are issued at a value below the denomination shall be highlighted.
Note 4: When monetary creditor's rights and technologies are used to pay for the shares, it shall be specified so and the type and value of the write-off shall be noted.
Note 5: Private placement shall be highlighted.

Type of share	Approved capital stock			Remarks
	Circulating shares	Shares yet to be issued	Total	
Common share	69,298	50,702	120,000	TPEx stock

(II) Shareholder Structure

Unit: Share; %; April 11, 2020

	Government agency	Financial institution	Other corporations	Individual	Foreign institution and individual	Total
Number of Persons	0	0	122	11,799	114	12,035
Number of shares held	0	0	9,042,979	38,517,751	21,737,606	69,298,336
Shareholding Ratio	0	0	13,049	55,583	31,368	100.00

Note: For first TWSE/TPEx companies and emerging companies, the shareholding ratios of mainland investors shall be disclosed. By mainland investors, it refers to the people, corporations, groups, other institutions of Mainland China or the companies they invested in in a third region as defined under Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

3. Diversification of Equity

April 11, 2020

Shareholding classification	Number of shareholders	Number of shares held	Holding ratio
1 ~ 999	6,033	655,966	0.947%
1000 ~ 5,000	4,960	9,158,052	13.215%
5,001 ~ 10,000	513	3,896,970	5.623%
10,001 ~ 15,000	151	1,924,936	2.778%
15,001 ~ 20,000	96	1,702,814	2.457%
20,001 ~ 30,000	75	1,898,177	2.739%
30,001 ~ 40,000	42	1,480,119	2.136%
40,001 ~ 50,000	34	1,573,255	2.270%
50,001 ~ 100,000	48	3,500,620	5.052%
100,001 ~ 200,000	30	4,582,821	6.613%
200,001 ~ 400,000	25	7,441,610	10.739%
400,001 ~ 600,000	5	2,339,680	3.376%
600,001 ~ 800,000	7	4,965,519	7.165%
800,000 ~ 1,000,000	5	4,524,214	6.529%
Above 1,000,001	11	19,653,583	28.361%
Total	12,035	69,298,336	100.000%

(IV) List of primary shareholders: List the shareholders that hold at least 5% of the equity or those whose holding ratio is one of the Top 10, their name, quantities held, and the holding ratio.

Unit: Share; %

Share / Name of major shareholder	Number of shares held	Holding ratio
Zong-Li Tsai	3,029,000	4.37
Yishuitang Investment Co., Ltd.	3,000,000	4.33
HSBC Hosting Morgan Stanley International Limited account	2,571,549	3.71
JP Morgan Hosting Swed Bank Robur Global Emerging Account	2,457,000	3.54
Zong Yu Investment Co., Ltd.	1,611,752	2.33
Ming-Zhong Li	1,445,346	2.08
Yi-Xun Li	1,320,245	1.91
Miao-Hua Li	1,094,402	1.58
Guo-Fong Liao	1,059,289	1.53
HSBC Hosting Escrows Magnificent Peak Global Opportunities Fund	1,055,000	1.52

(5) Related information of market price per share, net value, earnings, and dividends for the past two years. In case of an allotment of shares upon earnings or capital reserve transferred capital increase, information on the market value or cash dividends adjusted retroactively according to the released number of shares shall also be disclosed.

Unit: NT$; Share

<table>
<tr><th colspan="3">Year / Item</th><th>2018</th><th>2019</th><th>Current year up to April 30, 2020 (Note 8)</th></tr>
<tr><td rowspan="3">Market value per share (Note 1)</td><td colspan="2">Maximum</td><td>133</td><td>140.5</td><td>129.5</td></tr>
<tr><td colspan="2">Minimum</td><td>78.30</td><td>94.4</td><td>76.6</td></tr>
<tr><td colspan="2">Average</td><td>108.87</td><td>122.97</td><td>108.41</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>33.39</td><td>35.90</td><td rowspan="11">As of the date this Annual Report was printed, the first quarter financial statement data that had been reviewed and approved by the CPAs were yet to be approved by the Board of Directors.</td></tr>
<tr><td colspan="2">After distribution</td><td>29.39</td><td>—</td></tr>
<tr><td rowspan="2">Earnings per share (EPS)</td><td colspan="2">Weighted average number of shares (thousand shares)</td><td>69,298</td><td>69,298</td></tr>
<tr><td colspan="2">Earnings per share (Note 3)</td><td>5.84</td><td>6.70</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends</td><td>4</td><td>4</td></tr>
<tr><td rowspan="2">Free share assignment</td><td>Earnings share assignment</td><td>—</td><td>—</td></tr>
<tr><td>Capital reserve share assignment</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends (Note 4)</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">Price to earnings ratio (Note 5)</td><td>18.64</td><td>18.35</td></tr>
<tr><td colspan="2">Price to dividend ratio (Note 6)</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>—</td><td>—</td></tr>
</table>

＊ In case of allotment of shares upon earnings or capital reserve transferred capital increase, information on the market value or cash dividends adjusted retroactively according to the released number of shares shall also be disclosed.
Note 1: List the maximum and minimum market values of common stock each year and the annual average market price is calculated according to the strike price and the trading volume in each year.
Note 2: Please use the number of shares already issued at the end of the year and provide information on their distribution as decided in the shareholders' meeting of the coming year.
Note 3: If retroactive adjustment is needed due to free share assignment, the earnings per share before and after adjustment shall be shown.
Note 4: If it is specified in equity security release conditions that the dividends not assigned for a specific year may be carried over to the year with earnings, dividends yet to be paid accumulated up to the specific year shall be disclosed, respectively.
Note 5: Price to earnings ratio
＝ Mean closing price per share of the year/Earnings per share
Note 6: Price to dividend ratio
＝ Mean closing price per share of the year/Cash dividends per share
Note 7: Cash dividend yield
＝ Cash dividends per share/Mean closing price per share of the year
Note 8: For the net worth per share and earnings per share, data from the most recent quarter that have been audited (reviewed and approved) by the CPA as of the date the Annual Report was printed shall be provided; for the other fields, data of the current year as of the date when the Annual Report was printed shall be provided.

6. Company's dividend policy and implementation status:

(1) Dividend policy:

The industry that the Company belongs to is in its growing phase. To fulfill the goal of sustainable development, the Company is proactively developing and introducing new products and an expansion of production lines is planned for the coming years, and there will be a demand for funds. Therefore, the balanced dividend policy is intended to be adopted in order to adequately issue dividends in the form of shares or cash. In principle, cash is to be distributed when the dividends involved are 20% and above. In case of major capital expenditures planned for the future, approval through the general shareholders' meeting may be obtained and all will be distributed in the form of shares.

When the Board of Directors makes a decision over the distribution of dividends, if the closing price of the Company's common stock a day before is below its denomination on the securities market, cash may be distributed for all or part of the stock.

(2) Implementation status:

The Board of Directors decided on March 11, 2020 that the cash dividends would be issued at NT$ 4 per share for 2019.

7. Impacts of free share assignment intended through the current shareholders' meeting on the Company's operational performance and earnings per share:

No free share assignment is intended to be discussed for the current year; Therefore, it is not applicable.

(VIII) Remuneration for employees, directors, and supervisors:

(1) Percentage or range of remuneration for employees and directors/supervisors as stated in the Company's Articles of Incorporation:

Article 20 of the Company's Articles of Incorporation stipulates that: "The company shall appropriate no less than 5% of its earnings as remuneration to its employees and no more than 1.6% of its earning as remuneration to the directors and supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

(2) Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration for employees, directors, and supervisors, basis for calculating the number of shares included in the distribution of remuneration for employees, and the actual value distributed and their estimates of the current term:

2-1 Basis for estimating the amount of remuneration for employees, directors, and supervisors of the current term: Based on the Company's 2019 profits (profit before tax with the profit prior to distribution of remuneration for employees and directors deducted) multiplied by 5% for distribution of employee remuneration as specified in the Company's Articles of Incorporation and according to the decision made in the shareholders' meeting and 1.6% to be distributed to directors, it is estimated that the value of remuneration for employees is NT$ 31,389,000 and that for directors and supervisors is NT$ 10,045,000; They are to be assigned in cash.

2-2 Basis for calculating remuneration distributed to employees in stock: Not applicable

2-3 Accounting measures adopted when the actual value of distribution differ from the estimates: There is no difference from the estimated value for the year to be recognized.

(3) Approval of distribution of remuneration by the Board of Directors:

3-1 Remuneration for employees and directors/supervisors distributed in cash or stock. In case of any difference from the estimated value of the year recognized, the difference, cause, and how it is handled shall be disclosed: There is no difference from the estimated value for the year to be recognized.

3-2 Ratio of the value of remuneration for employees distributed in stock and the sum of after-tax income and total employee remuneration in the entity or individual financial statement of the current term.

(4) When there is a difference between the actual distributed amount of remuneration for employees, directors, and supervisors (including the number, value, and price of shares distributed) and the recognized remuneration for employees, directors, and supervisors in the preceding year, the difference, cause for the difference, and how it is handled shall also be specified:

Item	Actual distribution	
Remuneration for directors and supervisors	Value distributed	NTD$ 8,781,000
	Difference, cause, and management	No difference
Remuneration for employees	Value distributed	NT$ 27,440,000
	Difference, cause, and management	No difference

(IX) Buyback of the Company stock: None.

II. Corporate bond, special stock, global depositary receipt, employee stock option certificates, restricted employee shares and M&A or acceptance of transferred shares of another company for issuance of new shares, implementation of the funds utilization plan: None.

V. Operational Highlight

I Scope of Operation:

1. Scope of Operation

(1) The scope of operation as stated in the Articles of Incorporation is as follows:

A. CF01011 Medical devices manufacturing
B. F108031 Medical devices wholesale
C. F208031 Medical devices retailing
C. ZZ99999 operations not prohibited or restricted by law besides the said approved ones

2. Operational weight:

Unit: NT$1,000

	2019	
	Value	%
Hemodialysis tube	510,030	27.44
TPU catheter	406,687	21.88
Infusion bag	277,636	14.94
Puncture needle	172,179	9.26
Interventional cardiology catheter	100,179	5.39
Surgical tube	170,540	9.17
Critical component and parts	109,224	5.88
Miscellaneous medical disposables	112,425	6.04
Total	1,858,900	100

3. Current commodities:

Primary product categories at present: The Company primarily has eight major categories of products now. They are Hemodialysis tubes, Puncture needles, Infusion bags, TPU internal catheters, Interventional cardiology catheters, Surgical tubes, key medical parts and components, and others.

4. New products planned to be developed

The Company continues to proactively develop catheters and related peripheral medical devices relevant to minimally invasive procedures and catheterization and develop primarily OEM products of heavyweight manufacturers. They are categorized as follows:

(1) TPU internal catheters: puncture catheters, Bonanno abdominal drainage catheters, biological sampling needles, and micro-puncture guide tubes.

(2) Interventional cardiology catheters: Micro-catheters, fold-proof guide pins, fold-proof dialysis catheters

(3) Others: OEM products, peripheral products relevant to minimally invasive scopes, and specific urinary treatment and diagnosis products

(II) Overview of the Industry:

1. Current status and developmental trends of the industry

1-1 Current status of the industry

Overall: According to the Biotech Industry White Paper in the country, the sales of the medical device industry in 2018 totaled around NT$ 159.2 billion and prior annual growth rates were around 8.8%. The Business Model Innovation (BMI) Research Report shows that the global market size of medical devices was worth USD 389.1 billion in 2018 and by 2022, it is expected to reach USD 490.2 billion. The composite growth rate between 2018 and 2021 is up to 6.5%. The ratios of respective categories of products are shown in the figure below. According to the Industry, Science and Technology International Strategy Center of the ITRI on the survey data regarding to the medical device industry in Taiwan, it is estimated that the production value of medical devices in Taiwan throughout 2019 grew by 8.2% from the preceding year. The growth rate of medical devices in Taiwan is above average globally.

Categorically: Based on the White Paper mentioned above, global medical consumables, second only to diagnostic imaging products, account for 16.2% of the global medical device market. The Company currently focuses on the manufacturing, production, and sale of medical consumables used in hospitals. Unlike the business model for machinery and equipment supporting medical diagnoses, consumables are continuously consumed. In terms of the material, the emphasis is placed on stability and tolerability that can withstand single uses and the cost must be affordable. Taiwan had outstanding performance in the ICT industry, textiles, machinery, metal processing, and chemical industries. Many companies enter the medical device industry on this basis and they are scattered among these categories.

Medical devices are a highly governed and controlled industry. This is mainly because the uses matter to the national health and welfare. Health authorities in all countries are concerned about how they manage this industry. This is where governments fulfill their responsibilities and also where sovereignty reaches out. Regulatory requirements for medical devices effect the development of the industry significantly. Increasing regulatory rigidity is a trend around the world. In Taiwan, the Medical Devices Act was announced in January 2020. The Act helps diverge the management of drugs and medical devices in our country. It also harmonizes applicable regulations governing medical devices in international society and us so that we can be aligned. Meanwhile, the regulations governing medical devices in the European Union have been upgraded to the more rigid MDR (Medical Device Regulation). The challenges of the growing regulatory rigidity are something to be dealt with by all medical device manufacturers around the world.

1-2 Developmental trends

The developmental trends in the global medical device industry feature below:

(1) The medical device industry will be impacted in the future by regulations that are getting more and more rigid

The US market is the biggest and on the top of the global market. It accounts for around

47.5% of the global market. West Europe comes to the second and accounts for 25% of the global market, approximately. The Asia-Pacific Region accounts for 21% of the global market. Among the emerging markets, there's been a upward trend of sales in China and ASEAN countries. The European Union is the world's second largest medical device market and an important destination for the exports of medical devices from Taiwan. Only products with CE certificate can be sold in the market. The new Medical Device Regulation of the European Union is getting strict on the requirements of responsible suppliers, such requirements including 1. Besides more complete technical documents are needed, there are comprehensive requests for clinical data. In addition, detailed clinical data varying in extents are required reflective of different product risk classes. II. Post-marketing product examnation needs to be excuted and feedback is necessary to help with reflections on the quality and design of products in future. II. The safety and functional qualifications of all products must meet the latest standard and periodic qualifications and validations of equipment and processes are indispensable. IV. In order to precisely follow regulatory requirements, auditors perform periodic and impromptu audits on the production sites, primary contractors, and suppliers. Auditors are held responsible, too. All of the above show that it will be more costly and difficult to get the CE certificate in the European Union in future. As a result, process adjustments are necessary for current supply chain and operational model. This may be a challenge but also an opportunity.

(2) The mainstream will be medical devices for which the cost, efficacy, and quality are taken into consideration as a whole

The biomedical industry is now popular in the 21st century. Heavyweight manufacturers around the world are putting their effort investing on new products. At present, besides applying high technologies to treatment techniques in order to render better efficacy, more emphasis is placed on improving quality of life for patients and medical ethics. In addition, countries are suffering from increasing healthcare expenditures. Research and development of medical devices is not simply pursuing high-precision diagnostic and top-notch treatment effects, but also requiring the consideration of the affordability of medical care. Therefore, despite the development of new products such as large medical instruments and equipment like CT and ultrasound devices shows the manufacturers' outstanding of R&D capabilities, the demand in Medicare market is limited, and the market has already mature. On the other hand, disposable medical devices, such as stents and catheters, wound care products with biomedical materials, and medical devices to support body organ functions, which are greatly used in hospitals, are becoming the mainstream internationally now. In addition, medical devices combining with medicine will an play important role in future developments of the medical device industry because of their largely enhanced efficacy.

(3) The rise of home care medical devices market

Home care not only reduces patients' medical expenses and healthcare professionals' workload in hospitals, but also imporove patients' living quality. Under home care, patients are able to live independently in an environment where they familiar with or to live in nursing facilities with specialized caregivers. As a result, it has become a new approach when patient receiving medical care. Considered both healthcare expenditures and patients' quality of life, in addition to the fact that chronic diseases have become the main pattern of illness, home care is one of the important healthcare programs in respective countries now. Under this circumstance, via computer technology or molecular medicine, medical devices are being developed toward to home care uses friendly and for minimally invasive surgery-oriented use to reduce the length that patients stay in hospital. The goal of this development is to economize on medical expenses but yet improve patients' quality of life.

2. Correlation among Upstream, Mid-stream, and Downstream of the Industry

(1) Upstream: BIOTEQUE is devoted to produce high-molecular medical devices. The high molecular materials we use completely meet medical standard and are directly imported from manufacturers in Europe, the United States, and Japan. These raw materials from manufacturers are all meet the EU CE and US FDA requirements. Material transitions are smoothly, and quality and quanity of material are worry-free.

(2) Midstream: Both the principal design and manufacture of each product are all included in the Company's production process. Such process includes die development/injection molding machines/extruders, automatic production machines, and assembly lines. There are outstanding technicians keep machines in normal operation and they also ensure production fulfills sales order and delivers on schedule. BIOTEQUE has strategic partners and is able to provide product componemts with competitive advantages, further, the overall performance of products meet user needs is guaranteed.

(3) Downstream: BIOTEQUE cooperates with domestic and international distributors and dealers to build up a powerful distribution and service network. We reach out to clinics and hospitals. After more than 20 years of hard work and devotion, BIOTEQUE is being more competitive and gaining more reputation.

3. Respective developmental trends of products

As far as hemodialysis products are concerned, the global population on dialysis is growing at 7% each year. As products and techniques imporve, the death due to dialysis keeps dropping. In other words, the demand for dialysis consumables will continue to grow. This growing demand leads to the usage of consumables increase each year.

In Taiwan, there are around 90,000 people on dialysis at present. Each year around 10 million times of dialysis are performed. The high-quality single use dialysis tubes and the safety intra-arterial/venous fistula Puncture needles of BIOTEQUE are certified for their quality domestically and internationally to benefit both the patients and the healthcare professionals. Countries all over the world value the right of patients receiving dialysis treatments, so that the treatments are being covered in the insurance. Such move has helped expedite the expansion of the market for dialysis. BIOTEQUE is now certified by ISO 13485. Our products have obtained the EU CE and the US FDA510(k) certifications and with the deployment of a factory in the Philippines, competitive dialysis treatment consumables are being produced to the new market.

In terms of diagnostic and therapeutic internal catheters, we are devoted to develop minimally invasive consumables for use in hospitals, particularly internal catheters to be used at cardiovascular, intervening radiology, and urology divisions. Efforts are being made to reach out to other divisions by constantly developing minimally invasive catheters that are competitive on the market and help to boost patients' welfare. Many products are known for their high market shares domestically and internationally. At present, the shipments of various types of catheter products are growing quickly.

4. Competition

In terms of high-end consumables such as internal catheters or Interventional cardiology catheters, BIOTEQUE's competitions are mainly world-famous mainstream heavyweights. We, with the outstanding managerial capabilities and technicalities in Taiwan, are producing high-quality products with price advantage, and are able to compete with well-known big brands in the worldwide market. For relatively mature products such as hemodialysis tubing, BIOTEQUE with its outstanding product strength also has a better market share compare to Japanese brand or other countries'.

(III) Technical, Research and Development Status

1. Technical level of sales and overview of research and development

To cope with domestic and international challenges, with Industry 4.0 at its core, the most important homework now is to satisfy customer needs by turning production intelligent, flexible, and automatic; increasing the business forecast capability via applying big data; and fast reacting on product preparation and production. Besides proactively developing machines sharing the same platform through collaboration with automatic equipment heavyweight manufacturers, integration further covers production information and real-time information of supplies so that management and production can be more effective.

Technically BIOTEQUE continues to focus on the development of advanced medical catheters. After years of hard work and devotion to this field, the specialities in pipe fitting extrusion, parts injection, special shape processing, hydrophilic film treatment, and scale printing is comparably remarkable to what those heavyweight manufacturers produce. In the future, we will continue to develop various types of high-end internal catheter-related therapeutic products. Besides self-owned brands, BIOTEQUE will seek OEM or strategic alliance opportunities with international heavyweights in order to expedite business growths.

We deeply feel that in an era of knowledge-based economy, the success of an enterprise lies in constant pursuit of knowledge-based innovations, strategic innovations, technological innovations, management and service innovations so that it can always gain strength despite the fierce competitive environment. As such, we highly value research and development and constantly engage in technical discussions and exchange with academic research units and medical centers, proactively seek strategic alliance or OEM cooperative opportunities with international medical device manufacturers that own key or innovative technologies, and incessantly introduce key technologies domestically and internationally in order to quickly boost our R&D capabilities.

2. Research and development expenses

Unit: NT$1,000

Research and development expense	2019
	51,473

3. Successfully developed technologies and products

R&D Group 1	R&D Group 2	R&D Group 3
1. Short-acting dialysis catheter_variant 2. Drainage catheter_Optimization of flat tip of catheters 3. Drainage catheter_design and development of hollow inner needles 4. Biliary catheter variants 5. Expansion tube_Optimization of product manufacturing processes 6. Development of non-DEHP drainage bags 7. Guide wires (new) 8. Large catheter patches 9. Drainage bag_variants 10. Catheter surface treatments (introduction for testing the mass production of plasma devices in small quantities) 11. Development of non-DEHP connecting hoses 12. Development of centesis catheter needles 13. OEM product_introduction for the mass production of silicon hoods 14. OEM product_introduction for the mass production of insulated heaters 15. OEM product_development of the die for the fixating joint of cystoscope needles 16. Preparation of materials for the sample submitted to apply for the 510 K Certificate in	1. Invention patent obtained in Taiwan: drainage device 2. Invention patent obtained in Taiwan: expansion tube and the manufacturing technique for its penetrating portion 3. Cardiovascular imaging catheter with a dual-purpose enveloping element at the joint (extended utilization of the invention patent of BIOTEQUE in Taiwan) 4. Minimal feasible solution for the ureteral stent thruster with the imaging (X-ray) element (extended utilization of the novel patent in Taiwan) 5. Adaptive loop ureteral stent (extended utilization of the novel patent of BIOTEQUE in Taiwan) 6. Establishment of the catheter buckling measurement technology (industry-academia cooperation) 7. Research of passive support provided by the shape of a cardioInterventional cardiology catheter (industry-academia cooperation) 8. Stent for use in endoscopic pyelotomy 9. Ureteral tumor stent 10. Establishment of the technology for prolonged and	1. Beta 72-hour closed sputum suction tube 2. Closed sputum suction tube - self-made check valve 3. Developing closed suction tube 4. Pediatric 10-color printing closed sputum suction tube 5. Removable suction tube 6. Long rib female needle base cover 7. Outside diameter-only glue dispenser 8. CAPD fold-out connector 9. Easily operable large hemostatic clip 10. Respiratory endotracheal tube 11. Respiratory oxygen catheter 12. Respiratory oxygen nasal tube 13. Respiratory oxygen mask 14. Respiratory tracheostomy cannula 15. Respiratory endotracheal tube replacement catheter

R&D Group 1	R&D Group 2	R&D Group 3
the US	minimally invasive pointed-end cardiovascular imaging tube 11. Thrust that may manipulate the orientation of the ureteral stent 12. Ultrasound high-frequency vibration precise cutting utilization and development 13. Feasibility of hydrophilic thin coating on the surface of fluorine material 14. 3DRC cardiovascular imaging catheter 15. TWST peripheral vascular imaging catheter 16. Microwire (with an outside diameter of .021” and lower) exclusive torque operator 17. Automatic assembly of wire dispensers 18. Vertebral artery vascular imaging catheter for use during a stroke exam 19. Ureteral dilatation catheter with a ball pressure tolerance exceeding 20 atm 20. Ureteral stent with different axial hardness 21. Optimized ball shape to facilitate smooth withdrawal of the catheter after surgery	

(IV) Long-term and Short-term Business Development Plans.

1. Short-term Business Development Plan

1-1 Management strategy

A. Southbound market: For mature products, new production strengths are being sought to help produce suitable items so that these products may continue to have cost advantage from competition. The southbound deployment is utilized to secure the home advantages on ASEAN markets.

B. Initiation of Industry 4.0: In order to satisfy customers, big data is used to expedite response and to realize innovation of sales service and production.

C. Mobilization of organization: Activities are carried out responsibility-centered in order to make sure that everyone is aware of their own responsibilities and are proactive in fulfilling them.

1-2 Marketing strategy

A. Deepen the deployment of product distribution channels and enhance the ratio of high-value-added products. Utilize agile and quickly responding marketing tactics, improve service ability, and maximize market shares.

B. Adequately adjust launching strategies for imports and exports and maximize product items on the domestic market in order to avoid the seasonal change in demand for products, to minimize impacts brought from changes on the market, and to decentralize operational and financial risks.

C. Continue to expand the overseas market and attend various related international exhibitions that help to deepen international and Asian distribution channels and apply flexible market and product strategies to reinforce international marketing.

1-3 Production strategy: Proactively apply restructuring, streamlining, consolidation, and deletion of operations to enhance organization’s operational efficiency. Form a quality improvement task force to periodically discuss and follow up on quality improvement outcomes.

A. Consolidation of quality: Continue to enforce changes made to ISO 13485: 2016 and the updated GMP, and implement in system that helps ensure product safety and quality.

B. Enhancement of productivity: Strictly control the waste from procurement of raw materials and the consumptions during production procedures. Expend our production via automation and further minimize losses from defective products. As a result, productivity is improved and our products’ price competitive advantage is boost.

C. Non-stop improvement: Thoroughly consolidate lean manufacturing through the standard operating procedure, QCC, and TQM activities and continue to apply data, integrate the enterprise resource planning system, expedite integration of production, sales, management, and financial operations, and comprehensively enhance the management performance of the Company.

2. Long-term business development plan

2-1 Management strategy

A. Continue with Industry 4.0 to satisfy customers and apply big data to expedite responses and realize the innovation of sales service and production.

B. Explore higher-end products, such as catheter products with different materials and provide total solutions with related devices of self-owned brands centering on treatment.

C. As far as customization and professional OEM are concerned, continue to reinforce current production strengths and increase quality strengths through automation to enhance customer stickiness. Example: tubings and bags

D. Consolidation of empowered management

2-2 Marketing strategy

A. Select internationally famous manufacturers to form strategic alliance partnerships and to jointly explore markets for the sake of maximizing market shares.

B. Carefully evaluate the necessity of establishing sites overseas or find a suitable professional dealer to secure business opportunities and serve customers locally.

C. Create a sound quality assurance and after-sales service management system and build the Company's brand and publicity.

2-3 Production strategy

A. Set up a specialized product development department to develop and adjust production technologies, supplies, or conditions to boost production efficacy.

B. Build a sound human resources unit and system that proactively trains required operators in terms of their professionalism and the second skills to facilitate flexibility in supporting production.

C. Strengthen collaboration with primary raw materials suppliers for sound supply chain management and steady sources of materials.

D. Create and thoroughly enforce operation and care systems for respective production equipment, public equipment, and testing equipment in order to properly use these equipments through production in the industry.

II. Market and Production/Distribution Overview

1. Market Analysis

1. Main products and distribution markets

<u>Distribution of sales and values involved of primary products of the Company in the recent 3-Year</u>

Unit: NT$1,000

Year / Sales region		2017		2018		2019	
		Value	%	Value	%	Value	%
Importation		325,112	22.89	332,708	20.63	346,294	18.63
Exportation	Asia	565,306	39.80	627,174	38.88	750,212	40.36
	America	292,571	20.60	390,184	24.19	460,289	24.76
	Europe	127,137	8.96	158,769	9.84	213,521	11.48
	Africa	110,093	7.75	104,174	6.46	88,584	4.77
Total		1,420,219	100	1,613,009	100	1,858,900	100

2. Future supply, demand, growth on the market

According to the Biotech Industry White Paper in the country, the sales of the medical device industry in 2018 were around NT$ 159.2 billion; and prior annual growth rates were around 8.8%. The Business Model Innovation (BMI) Research Report shows that the global market size of medical devices was worth USD 389.1 billion in 2018 and by 2022, it is expected to reach USD 490.2 billion. The composite growth rate between 2018 and 2021 is up to 6.5%. The Company has always been export-oriented and will continue to expand its market shares in these markets in the future. In addition, due to the aging global population, the statistics of the WHO show that among the Top 10 causes of death globally, the Top 3 ones are cardiovascular disease, cancer, and respiratory disease, respectively. Among the Top 10 causes of death in Taiwan, on the other hand, they are cancer, cardiovascular disease, and respiratory disease (pneumonia), respectively. All of them have added to the demand for related medical devices, such as those of the Company, namely dialysis and radiology-oriented internal catheters.

The supply and demand in the market are as follows:

A. Hemodialysis tubing

(A) Domestic market

The NHIA statistics of healthcare expenditures in 2018 show that chronic kidney disease ranked first, with 364,000 people seeking medical attention, accounting for NHI expenditures of around NT$ 51.3 billion. At present, the dialysis population in Taiwan already exceeds the 90,000,000 people threshold, topping the global list. Around 1.15 million sets of dialysis tubings are used on a monthly basis. Imported brands include KAWASUMI (Japan), GAMBRO/BAXTER (Sweden/United States), NIPRO (Japan), and local ones BIOTEQUE and Sunder. There are other brands imported at a small quantity. They cannot be supplied in large quantities to support the use at local healthcare facilities due to high prices or undesirable quality and other reasons, and hence these brands are not a threat at all for the time being.

(B) International market

The Company is known for its quality comparable to international standards and has been certified with the CE MARK (Europe) and FDA 510(k) (United States). The quality of its products is comparable to that of well-known international brands. Additionally, automatic production has helped reduced the production cost for the Company and promote Industry 4.0 to significantly enhance price competitiveness. Export destinations of the Company include the United States, the United Kingdom, Germany, Italy, and North Europe, Central Europe, Latin America, the Middle East, Russia, Egypt, and India, among others, more than 50 countries in total.

B. Safe Puncture needle

(A) Domestic market

This is a required material for hemodialysis. It is used in combination with the tubings. Each set of tubings needs to go with 2 Puncture needles (one connected to the vein and the other to the artery). In the past, most of them were imported foreign brands and well-known ones such as JMS, NIPRO, and KAWASUMI from Japan. BIOTEQUE is the first in Taiwan having invested enormous R&D manpower in self-design and in the introduction of fully automatic production. The significantly-reduced cost of manpower makes competitive prices possible and the quality is comparable to that of international counterparts. The market share is currently growing at a high speed.

(B) International market

At present, the safety of devices is being emphasized in laws and regulations in countries around the world in order to protect healthcare professionals from secondary contamination by waste. Safety devices are added onto existing traditional Puncture needles, for example. Such devices have been researched and developed and produced in large quantities by the Company early on and supplies have been steady. Since fully automatic production is adopted by the Company, products are of desirable quality and the prices are competitive. Current sales in Europe are at least 5 million sets and the annual demand in the Middle East and Asia is around 8 million sets, too. Proactive efforts are made to seek OEM orders from heavyweight clients.

C. Infusion bag (IV bags)

(A) Domestic market

The Company's Infusion bags are being produced with fully automatic equipment in large quantities and of optimal quality. They are delivered quickly and the cost is highly competitive. They have been a preferred choice designated in many hospitals. The market share domestically has exceeded 30%.

(B) International market

The Company attends multiple international medical fairs each year. The optimal quality and competitive prices have successfully helped enter markets in Europe, Latin America, Southeast Asia, the Middle East, and Africa. They are quite liked by customers on the international market.

D. Invasive therapeutic internal (TPU) catheter

This is also a medical product successfully developed only by the Company within the nation. It has been sold throughout the world since 2003. Its current market share domestically exceeds 30%. Major progress, however, has been made internationally. There are always new customers in Latin America, Europe, Asia, and America. As the market has significantly grown, the Company introduces machinery and equipment from overseas and is constantly improving its development and production capabilities by introducing international technologies so that the quality and quantity of products may both be enhanced.

Internal catheters and Interventional cardiology catheters are products prioritized for development by the Company. Currently, they are produced only in advanced countries such as the United States, Germany, and Japan. As different new therapeutic purposes are being developed, such products constantly grow in both variety and specification. The market demand is quickly expanded and so is the growth rate. There are, however, extremely high requirements in terms of quality and safety. Therefore, the Company is going all out to develop them to make its own product line more complete. As new treatment options get constantly enhanced and popular, the demand for these products on the international market will be even more impressive in the future and the Company's performance is sure to be eye-catching.

E. Closed sputum suction tubes

In response to the dawning of an era for the global village, growing person-to-person contact, the aging population, ever-worsening air pollution, and the continuous increase in respiratory disease, the demand for related medical devices has significantly grown. Closed sputum suction tubes are the first product of the Company entering the respiratory anesthesiology market. The safety devices to be added onto existing traditional sputum suction tubes to prevent cross-contamination in the hospital are already certified with the CE MARK (Europe) and FDA 510(k) (United States) and the quality is comparable to that of international well-known brands.

Additionally, automatic production has helped reduced the production cost for the Company and promoted Industry 4.0. The prices are competitive. This product has been distributed throughout the world. For the domestic market, the DOH permit is obtained. In response to the government's policy, traditional open-ended sputum suction tubes will be gradually switched to closed ones.

3. Competitive niche

Primary products of the Company are being produced fully automatically by machines. The cost is significantly reduced and the throughput is increased. Meanwhile, the Company is the first in Taiwan to be honored with the National Quality Award and has obtained multiple certifications such as GMP, the CE MARK, and FDA 510(k), and been recognized as a quality professional medical device manufacturer multiple times by the US FDA following its establishment inspection to ensure that its products can be delivered to customers and hospitals quickly, timely, and safely and that patients can use the products with assurance. The Company also takes part in around 15 professional medical fairs worldwide. Quality of its products has reached international criteria. BIOTEQUE as a brand is widely known both domestically and internationally.

4. Advantageous and disadvantageous factors for future developments as well as response measures

4-1 Advantageous factors

(1) Advantageous factors

A. Regulatory requirements and high industry entry level

The use of medical devices concerns people's health. Therefore, besides the quality that is needed to satisfy customers, each product, aside from its own quality, needs to be produced by a factory whose quality system has been qualified. Therefore, regulatory requirements are in place for governing and confining purposes. Unlike other industries, the entry level for the medical device manufacturing sector is relatively high. To be able to be sold to Europe and America, in particular, the FDA approval and CE MARK are required, otherwise sales will go nowhere.

The circulation of medical products internationally primarily relies on the harmonization of medical device management systems proactively promoted by regulatory authorities and businesses in advanced countries. Applicable laws and regulations have been announced in countries in Europe and America for the past few years. For quality control, the ISO 13485 2016 EU Quality Assurance System is adopted. The Company is devoted to enhancing its quality control and has been certified by the US FDA 510(k), the Europe CE MARK, and the domestic GMP, among others. It helps significantly with sales domestically and internationally. As for the domestic market, the preparation and approval of the Medical Devices Act further declares the determination of Taiwan to be on a par with advanced countries in Europe and America.

B. Optimal R&D technology and stable product quality

The R&D team of the Company consists of professionals specializing in medical engineering, chemical engineering, and molecular processing, among others, who have accumulated quite abundant experiences in the industry. The R&D team has been proactively seeking technical breakthroughs for the past few years, too, in order to develop more advanced medical devices, such as TPU catheters, among others. The market for TPU catheters around the world is worth around US$ 8 billion and focuses mainly in the United States, Europe, and Japan and it is growing quickly (at an annual ratio of 15%). The market is full of potential. Besides the developing TPU materials processing technologies with the Biomedical Engineering Center of the ITRI domestically, BIOTEQUE currently also seeks technical transfers or professional OEM with international heavyweights in order to develop balloon catheters, vascular stents, and chest tumor catheters, among other top-notch and most value-added medical devices around the world.

C. Self-brands marketed globally

The Company's marketing efforts currently reach out to the whole world and cover more than 50 countries including Japan, Europe, and the United States with its own brands and has been certified in countries around the world such as Europe, the United States, and Mainland China. Preemptive action has been taken on the expansion of exports market of the Company. With certain heavyweights, the collaboration follows the OEM model in production.

D. Capable and robust management team

Main leaders in the Company have been working in this industry for at least 5 years on average and have abundant experience in the research and marketing of the industry. The resignation rate of people at all levels is low, which shows that the primary management team of the Company has optimal attainments, is highly stable, and it is conducive to the Company trying to grow its business.

E. Government policy incentives

The Taiwanese government shows support for the medical device industry and care industry in its policies. For example, the Biotech Takeoff Diamond Action Plan activated in Taiwan is expected to raise Biotechnology Venture Capital (BVC) worth NT$ 60 billion. In the beginning, medical devices with potential on the global market are prioritized investment objects. Along with the Biomedical Science Park in Zhubei where the development of medical devices is the mainstream, quick trial production of medical devices is also driving the development of the medical device industry and the peripheral industry.

4-2 Disadvantageous factors

A. Primary raw materials highly dependent on importation

Primary raw materials used for the Company's products are consistently non-toxic medical PVC compounds and other chemical engineering raw materials. Due to the fact that the market for medical non-toxic PVC is not big domestically and that PVC technologies of domestic manufacturers are not fully mature yet at present, most of the Company's raw materials, if needed, are imported (from Europe, the United States, and Japan). As such, it is important to maintain a good relationship with suppliers to ensure steady supplies. The Company has several suppliers for each type of raw materials that it uses. Therefore, supply is not a concern. Due to the surging prices of crude oil around the world, the price of PVC is climbing, too. The cost of PVC materials has been high.

Response measures: The global procurement strategy is adopted in order to bring down the costs of raw materials and supplies and suppliers of related raw materials (such as) are being supported in order to further bring down the costs. For the time being, there are several internationally known heavyweight suppliers of raw materials and the collaboration has been normal. In the future, besides reinforcing collaboration with existing suppliers, alternative raw materials will be proactively researched and developed in order to be more competitive in the market in the future.

(A) Enhance the throughput, the procurement scale, and the procurement price negotiation ability and seek preferred conditions for making payments and for bringing down the procurement cost.

(B) Strengthen technical exchange and transfers with primary raw material producers in the upstream and proactively research and develop formation technology to hopefully reduce the procurement cost.

(C) Besides stabilizing existing sources of procurement, also decentralize them in order to reduce the risk of the raw materials intentionally held back by the suppliers.

(D) Promote Industry 4.0, enhance the production technology, and reduce the losses of raw materials.

B. Impacts of change in exchange rate on profitability

The Company's primary raw materials are non-toxic medical PVC particles and some parts and components. In order to fulfill the CE MARK and FDA 510(k) criteria, they need to be imported, mainly from Japan, Europe, and the United States, and the quotations are provided mainly in Euros and Japanese Yen. The impacts of the changes in the exchange rate versus Euros and Japanese Yen are huge. Therefore, the response measures adopted are as follows:

(A) Banks are asked to provide analysis of changes in exchange rate and professional advisory service by closely watching the trends of exchange rate and utilizing respective financial instruments to reinforce hedging.

(B) When providing quotations for products to be exported, the Sales Department shall adopt the hard currency or the source currency. A foreign currency deposit account is set up to fulfill the hedging purpose.

(C) When negotiating the prices of equipment and raw materials, the Procurement Department shall take into consideration the factor of changes in the exchange rate and responsively adjust the currency or sign an exchange rate contract in order to protect profits for the Company.

(D) Make the best use of the foreign exchange real-time quotation system.

(E) Parts and components have been comprehensively localized for the time being. All parts and components can be produced in Taiwan and the dies are in place. The competitive advantages will grow further from now on.

(F) For metal parts and components imported from overseas, they are purchased at a low price in order to avoid the exchange rate risk.

C. Small capital size makes it difficult to expand business

The Company’s competition is consistently international heavyweights that have abundant funds and often merge with or acquire counterparts to become an oligopoly. The Company is no comparison in terms of the sales scale. For the past few years, mergers have been a fad. Weigao in Shandong, China, for example, merged with Argon recently. The US's Medtronic and Belco announced that they would merge. One can easily imagine that the great will become greater in the future. Response measures: The biotechnology level in Taiwan is still lagging compared to that in advanced countries. There are abundant long monies in the capital market, however. Besides, biotechnology is recognized globally as a star industry in the 21st century. Therefore, with affirmation on the capital market, there will be even more money available. As far as the sales and marketing dimensions are concerned, the current focus will be enforced participation in international exhibitions, production of regional media commercials to build an image and brand awareness, and the creation of a rigid and complete marketing network. In addition, the competitive model among companies needs to be switched to a collaborative one and they need to be combined in order to save costs. Besides eying the international market, the Company has been prioritizing the domestic market in Taiwan for the past few years by reinforcing sales in the domestic market and proactively seeking dealerships over optimal products so that they may be imported to overcome the situation brought about by the small capital size.

(II) Purposes and production processes of main products

1. Purposes of main products

(1) Blood tubing: Such tubings are used during hemodialysis to extract blood from the veins of the patient (driven by the motor of the machine) and to deliver blood during dialysis.

(2) Puncture needle: It is the needle inserted into the patient's blood vessel during hemodialysis (dialysis) so that the blood may come in on the one end and out on the other to render dialysis effects.

(3) Infusion set: It is the catheter used during priming prior to hemodialysis.

(4) Infusion bag: commonly known as an IV bag; it can be used to carry any drug and is meant to supplement fluids and nutrients or for dialysis.

(5) Urine collection bag: It is used to collect and measure urine to facilitate a diagnosis rendered by and treatment provided by the physician.

(6) TBU internal catheter: For the treatment of infections of respective organs and stones, drainage of abscess, and diagnosis and treatment of nervous and vascular disease.

2. Production and preparation processes

(1) Hemodialysis tube

Extrusion of PVC materials → Assembly → E.O.Gas → Q.C. test → Shipment
Part injection Packaging (semi-automatic assembling machine) Disinfection Test/Laboratory test

(2) Puncture needle

Extrusion of PVC materials → Fully automatic assembly → E.O.Gas → Q.C. test → Shipment
Part injection Coating/Packaging Disinfection Importation of laboratory testing needle

(3) Infusion set

Extrusion of PVC materials → Semi-automatic → E.O.Gas → Q.C. test → Shipment
Part injection Assembling machine Disinfection Laboratory test

(4) Infusion bag

Extrusion of PVC materials → Fully automatic → Q.C. test → Shipment
Part injection Welding

(5) TPU catheter/Interventional cardiology catheter

Extrusion of materials → Processing and assembly → E.O.Gas → Q.C. test → Shipment
Part injection Packaging Disinfection Laboratory testing
Catheter tip formation
Catheter thermal formation

(III) Supply of main raw materials

The PVC raw materials adopted by the Company are consistently non-toxic medical PVC compounds that have been tested and qualified by internationally well-known laboratories for having met the requirements of US FDA 510(k) and have been CE MARK certified.

product	Main raw material	Primary source	Expected supply
Blood tubing	Medical PVC materials	US, Japan, Europe, Taiwan	Good
	Part	US, Japan, Europe, Taiwan	Good
TPU catheter	Thermoplastic polyurethane	US, Japan	Good

(IV) List of main sales customers over the past two years

1. Main sales customers over the past two years (those having accounted for at least 10% of the total sales in any year)

Unit: NT$1,000; %

	2018				2019			
No.	Name	Value	Percentage in the net sales throughout the year	Relationship with the issuer	Name	Value	Percentage in the net sales throughout the year	Relationship with the issuer
1	JA	170,378	10.56	None	JA	173,018	9.31	None
2	Others	1,442,631	89.44	None	Others	1,685,882	90.69	None
Total	Net sales	1,613,009	100		Net sales	1,858,900	100	

Note: List the names of customers accounting for at least 10% of the total sales over the past two years and the value and ratio of their sales. When the names of customers or counterparts who may not be disclosed as agreed in contracts are individuals and non-related parties, however, they may be replaced with a code.

2. Main purchases customers over the past two years (those having accounted for at least 10% of the total purchases in any year)

Unit: NT$1,000; %

	2018				2019			
No.	Name	Value	Percentage in the net purchases throughout the year (%)	Relationship with the issuer	Name	Value	Percentage in the net purchases throughout the year (%)	Relationship with the issuer
1	TA	96,846	11.16	None	TA	97,362	10.64	None
2	Others	771,009	88.84	None	Others	817,835	89.36	None
Total	Purchases net sales	867,855	100		Purchases net sales	915,197	100	

Note: List the names of customers accounting for at least 10% of the total purchases over the past two years and the value and ratio of their purchases. When the names of suppliers or counterparts who may not be disclosed as agreed in contracts are individuals and non-related parties, however, they may be replaced with a code.

(V) Production and sales volumes/values over the past two years

1. Production volumes/values over the past two years

Unit: 1,000 PCS/NT$1,000

Year	2018		2019	
Production volume/value / Product	Production volume	Production value	Production volume	Production value
Hemodialysis tube	9,649	335,457	11,159	416,137
Interventional radiology catheter	472	84,114	591	101,521
Infusion bag	59,881	160,185	61,195	173,869
Puncture needle	30,903	137,235	34,551	141,501
Interventional cardiology catheter	677	75,339	730	78,736
Surgical tube	6,975	101,937	8,658	107,214
Critical component and parts	1,040,757	490,717	1,241,778	550,147
Miscellaneous medical disposables	103,901	252,387	48,790	195,753
Total	—	1,637,371	—	1,764,879

Note: Due to the fact that the measurement unit of each product is not identical, the total production volume is not indicated.

2. Sales volume/values over the past two years

Unit: 1,000 PCS/NT$1,000

Year	2018		2019	
Sales volume/value / Product	Sales volume	Value	Sales volume	Value
Hemodialysis tube	7,980	412,725	13,584	510,030
Interventional radiology catheter	416	329,361	513	406,687
Infusion bag	59,664	254,472	61,186	277,636
Puncture needle	29,263	156,596	35,158	172,179
Interventional cardiology catheter	437	92,886	512	100,179
Surgical tube	2,311	147,746	4,367	170,540
Critical component and parts	201,578	112,390	330,290	109,224
Others (Note)	—	106,833	—	112,425
Total	—	1,613,009	—	1,858,900

Note: Due to the fact that the measurement unit of each product is not identical, the total sales volume is not indicated.

III. Summary of employees for the most recent 2-Year up to the date the Annual Report was printed

Item/Year		2018	2019	By February 29, 2020 of the said year
Number of employees	Technical personnel	95	100	101
	Management and sales representatives	85	77	79
	Operators	285	250	249
	Total	465	427	429
Mean age		35.1	37	37
Mean years in service		6.2	7.2	7.3
Distribution of education	Doctoral Degree	2.1%	0.3%	0.3%
	Master	9.2%	8.2%	8.1%
	College and university graduate	42%	44.3%	44.7%
	Senior high school graduate	29.5%	32.5%	32.0%
	Below senior high school	17.2%	14.7%	14.9%

IV. Information on Environmental Protection Expenditures:

(I) The total value of losses (including indemnities) and punishments borne due to polluting the environment in the past year up to the date the Annual Report was printed: None. The Company did not suffer damages and punishments due to polluting the environment throughout 2019.

(II) Explain the countermeasures (including improvements) and possible expenses (including estimated values of possible losses, penalties, and compensation due to failure to take countermeasures; if reasonable estimates are impossible, state the facts why they cannot be reasonably estimated) in the future: Not applicable.

Environmental protection-related expenditure of the Company

Item	2019
Purchased equipment to prevent pollution or updates and improvements of the contents of the expenditures	1. Investment in and improvement of air pollution, water pollution, and waste treatment equipment 2. Operation and maintenance of the sewage treatment yard and preventive equipment (including tests) 3. Air pollution and water pollution expenses 4. Operation and maintenance of the waste treatment yard and clearance and processing expenses 5. Improvement of prevention and treatment equipment of toxic substances during sterilization
Value	1,931,000

1. The Company's business waste storage, clearance, and processing are all based on the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste and are outsourced to Class A permit holders.
2. Rainwater and sewage are diverged at the plant. For the sewage, there is the waste water and sewage outlet applied for with and approved by the Environmental Protection Bureau of Yilan County where waste water and sewage are discharged into the sewer of the Industrial Park. In addition, the BOD values are spontaneously detected once every two months to meet the regulatory discharge criteria and cleaning of the treatment pool and clearing of the septic tank take place frequently.
3. Air pollution prevention measures: Process equipment and air-conditioning tanks of the plant are installed with the activated carbon absorption filters to fulfill reduced emissions. Meanwhile, it is planned to install electrothermal steam generators to replace heavy oil boilers. The installation is expected to be completed in the second quarter of 2020. Such configuration will help the plant to meet the requirements of the revised Air Pollution Act and it is expected to reduce up to 99% of pollutants discharged into the air. The cost is around NT$ 600,000.

V Labor-Management Relations

(I) List the various employee benefits, continuing education, training, retirement system available at the Company and their implementation and the agreement between the employer and employees as well as protection of the various rights of employees

(I) Implementation of benefits

1. Benefits
   (1) Labor Insurance, National Health Insurance, pension fund appropriated according to the new/old system.
   (2) Special leave, sick leave, marital leave, paternity leave, bereavement leave, maternity leave, menstrual leave, family care leave, occupational injury leave, leave for a break to visit

Taiwan from overseas, child care leave with retained position and no pay as required by the Labor Standards Act and the Act of Gender Equality in Employment.

(3) The Employee Welfare Committee is established as required by law to take charge of organizing travel and events, benefits for three major festivals, subsidies for weddings/funerals/celebrations, emergency aids, networking meal gatherings, entertainment events, and subsidies for societies in order to serve and care for the employees in respective needs in life.

(4) Insurance coverage: Besides Labor Insurance and National Health Insurance, employees are enrolled in the group program that covers fixed-term life insurance, accident insurance, unexpected medical care insurance, and occupational hazard insurance.

(5) Gift money is available for the Labor Day, the Moon Festival, and employee’s birthday.

(6) Staff of the Yilan Plant are entitled to free parking and affiliated store preferred deals.

(7) There is the nursery room on the premises where employees may go to collect their breast milk during working hours if needed.

(8) Parental leave is available according to law. Qualified employees may adjust their working hours to accommodate their parental leave.

(9) Child care leave with retained position and no pay is available; employees may submit a request if necessary. Over the past 3 years, a total of 14 colleagues applied for child care leave with retained position and no pay and 9 of them successfully returned to their position after it was over. The other five are still on the leave.

(10) Healthcare: There are professional nurses to provide medical care services and consultations and contract occupational therapists provide site visits and consultations at the plant once every two months. Employees are provided with periodical health examinations. Employees engaged in special operations that are hazardous to health due to noise and specific chemicals go through special health examinations and health classified management is enforced. Weight management, body fat management, physical fitness and healthy exercise, muscle tone and aerobic training, nutritional workshops, and pressure relief workshops, among other health promotion events are held. Meanwhile, health-related information is distributed from time to time.

(11) Provide multiple magazines and books for colleagues to borrow and read.

2. Compensation and incentive system

(1) The Company’s compensation and incentive system is meant primarily to fulfill the long-term and short-term strategic goals of the Company. By effectively recruiting and inspiring the morale at work of affiliated staff and retaining outstanding talent, it contributes to a sustainable management classic model featuring a harmonious labor-management relationship, sharing of profits, and joint involvement of the employer and employees in corporate management. Internally, it depends on the fulfillment of the fairness and consistency principles in performance and reflects the performance-oriented culture. It also needs to go with the overall salary standards under existing and future organizational structures of the Company. Externally, through the overall salary standards and rewards system, the competitive advantages of the Company in the biotech industry are ensured.

(2) Compensation available at the Company includes wages and non-wage subsidies and incentives.

(3) Wages include the monthly base salaries, differential pay, other allowances, food allowances, shift rotation allowances, and overtime paid under the Labor Standards Act. Market salary intelligence report is obtained by participating in the salary survey each year and the salary is adjusted according to the fulfillment status of the operational goals of the Company each year and individuals’ performance from the annual evaluation.

(4) Non-wage subsidies are addressed according to respective regulations. The prizes available under respective reward systems are a certain percentage of the remainder of profits or earnings, if any, after settlement and after taxes are paid, deficits are made up for, and dividends and reserve fund have been set aside. The release criteria are based on the goals of respective departments and base count associated with respective job responsibilities and evaluation results. These include the following:
a. Remuneration for employees (Article 20 of the Company's Articles of Incorporation stipulates that: "These company shall appropriate no less than 5% of its earnings as remuneration to its employees and no more than 1.6% of its earning as remuneration to the directors and supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.)
b. Three-festival prize and year-end bonus
c. Business performance incentive
d. Special rewards for orders taken by the Sales Department
e. Patent prize, to encourage colleagues engage themselves to innovative research and development and apply for a patent
f. Rewards for and recognition of outstanding employees
g. Improvement proposal bonus
h. Talent referral bonus, to encourage colleagues to refer outstanding talent to work for the Company
i. Various patent bonuses

(II) Implementation of talent training and development
In order to strengthen its composition and to meet the needs for sustainable management, the Company has been enhancing the professional skills of its people through training besides fundamental training and reinforcing safety and quality that are the most valued ins the medical device industry. The drastic changes in international situation, in particular, are driving up the operational cost by the multiple each year. In order to maintain operational developments for the Company, the emphasis on talent and the enhancement of manpower are the only way. Training plans of the Company cover the following three aspects:
1. Strategy and Organizations
(1) Focus on the strategy while deploying the operations for the future.
(2) To go with its strategic planning blueprint, BIOTEQUE already adjusted its organization last year by establishing its organizational framework. This year, the responsibilities and ownership over and sharing of costs will be further defined this year so that respective business units may reasonably and independently settle operational accomplishments and gradually realize the profit-centered system.
(3) Build a consensus and substantially begin the developmental strategy map for the coming 5 years in order to cope with changes in the operational environment and to enhance competitiveness as well as to secure a unique place in the industry, realizing the purpose of sustainable management!
2. Define the strategic developmental directions in 9 major key fields (market, commodities, marketing, production and distribution, operation, organization, management, information, and finance) in the coming years for the corporation according to the idea of the strategy map:
(1) Promote a key performance indicator management system at each department and follow up on and control respective indicators according to its duties in the organization and its operational purpose and promote an operational mechanism to support autonomous improvement at the department, creating a robust foundation to support corporate innovation and reforms.

(2) Substantially realize the goal of a 25% growth in operations each year with the production sites in Taiwan to develop high-end medical devices and the southbound production site in the Philippines to produce red sea products and successfully explore and enter the ASEAN markets and form strategic alliances with them applying the strategy to supply locally.
(3) Maximize the target production value and proactively introduce Industry 4.0, smart production, lean production, production line re-structuring, and devotion of automatic production equipment in large quantities in response to the shortage in manpower so that the throughput may be enhanced and human resources may be applied more effectively.
(4) Invest in the research and development of new products each year and fulfill respective regulatory requirements in response to the ever-strict regulations and policies. Enhance the quality of products and stay competitive with even sounder product R&D design while at the same time setting the threshold for competition in the industry.
(5) Consolidate comprehensive quality management to make quality awareness part of the daily routine of BIOTEQUE people and to make quality and safety no longer just a slogan.
(6) Introduce information management tools and systems that are needed for a variety of operations to make operations even more transparent and such management systems may serve as the bases for improvement and management to constantly enhance management effects.

3. Human resources:
(1) Enhance the skills of people at all levels through a variety of training programs and methods
(2) Update the knowledge management system and training system so that the retention and use of knowledge becomes more convenient and that tacit knowledge is successfully converted to explicit knowledge and use digital learning systems to minimize the cost of learning.
(3) Combine duties and skills in training so that the professional capabilities and managerial capabilities of people at all levels may be defined more systematically.
(4) Consolidate corporate culture and create a learning-oriented organizational and cultural aura Constantly invest in human capital and make it the cornerstone for corporate sustainable development.

4. Goals of the 2019 annual plan:
(1) Define the forward-looking management strategy map and plan it and build strategic thinking capability in the management.
(2) Smart production blueprint: Apply lean management and introduce Industry 4.0 to help with the productivity upgrade. Introduce also PLM and KM, among other system management tools, and form the core corporate capital.
(3) Strengthen the cornerstone for the medical device industry and consolidate quality systems for respective functions and the enhancement of professional skills and individual capabilities in order to address the high-profile requirements for quality and safety in the biotech medical device industry.

5. Strategies adopted:

Training programs are planned according to the annual plan and reflective of the needs of respective units. Internal trainings shall cover management, laws and regulations, professionalism, and products. The Company is to take charge of planning the overall training program and then part of it is outsourced to long-term collaborative external training institutes that design courses to meet the needs of the Company or offer certificates for trainings completed as required by professional laws and regulations. Trainings on products, quality laws and regulations, and for new hires, on the other hand, are provided by internal lecturers. The trainings can be done in a variety of ways, including lectures, hands-on, simulation, discussion, and project assignment, among others. Learning efficacy, on the other hand, is evaluated by issuing certificates or through internal certification or by preparing reports or taking exams. The trainings are combined with personal promotions and performance, too. A learning-oriented organizational goal is fulfilled in a variety of ways.

The Company also has its knowledge management (KM) system in place that is capable of systematically defining the SOP for each task and turning knowledge from tacit to explicit; it renders extremely high efficacy in terms of talent training and knowledge retention.

6. Implementation status:

Throughout the year, a total of 161 classes were opened for internal training, with a headcount of 1,981 people getting trained and 539 hours completed in total. For external training, there were 114 classes, a headcount of 404 people, and 973 hours in total. In addition, representatives, a headcount of 16 in total, were sent to attend international exhibitions or seminars or to observe them and professional consultants were hired to provide exceptional assistance. The training budget totaled around NT$ 5 million.

7. Accomplishment:

This year, business grew by around 15%, overall human efficiency by 7%, and personnel expenditures 8%; 7 people were promoted and the number of proposals increased by 77 and new customers by 38. Accumulatively, around NT$ 150 million of cost was invested in Industry 4.0 automatic equipment.

(III) Implementation of the retirement system

The Company has defined its own Employee Retirement Regulations as required by the Labor Standards Act and the Labor Pension Statutes. Those who have worked for at least 15 years and are 55 years old or older, having worked for at least 25 years, and having worked for at least 10 years and are 60 years old or older can apply for retirement. The Company also has an actuary to precisely calculate the pension reserve each year in order to ensure that a sufficient amount is set aside and to protect the rights of colleagues to apply for payment out of the pension fund.

1. For the appropriation of the pension fund for employees applicable under the old system according to the Labor Standards Act, the Company sets aside 2% from the total salary each month to be the pension fund and it is saved in the Bank of Taiwan account opened in the name of the Employee pension reserve Supervisory Committee. The Company also follows the requirement in Article 56 Paragraph 2 of the Labor Standards Act that before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account of the preceding Paragraph. As of the end of December 2019, total pension reserve is 18,277,000, the pension reserve requirements are all set up. Throughout 2019, a total of one person applied for retirement.
2. For the pension fund that is applicable to employees under the new system according to the Labor Pension Statutes, the appropriation is based on the wage bracket table for appropriation of the labor pension fund that each employee’s mean salary is qualified under. It is appropriated at 6% on a monthly basis to be the pension fund and to the personal account of the specific employee opened with the Labor Insurance Bureau.

(IV) Plans relevant to employee safety, health events and their implementation

1. Employee safety

(1) The organization is configured with labor safety and health management. Class 1 industrial safety personnel, Class 2 industrial safety personnel and environmental safety personnel, and Class 1 toxic substance specialists, organic solvent operations supervisors, and special chemical operations supervisors are available to take charge of public and staff safety and environmental protection as well as waste and toxic substance control, among others, at the plant. There is also the Labor Safety and Health Management Committee that holds

environmental safety and health management meetings on a quarterly basis in order to strengthen operations concerning safety and health at the plant.

(2) Purchase fire insurance, typhoon insurance, earthquake insurance, and public accident liability insurance

(3) As is required by Article 10 of the Enforcement Rules for Monitoring the Workplaces of the Occupational Safety and Health Act, workplaces are being monitored twice a year and improvements are made immediately upon any abnormality found in order to ensure that hazardous exposure of workers is reduced below the standard value.

(4) Industrial safety personnel tour the premises on a daily basis and inspect the implementation of labor and environmental safety at respective units. In case of any hazardous event, depending on the circumstances, either improvement or suspension of work is demanded and the improvement efforts are being followed up till completion.

(5) The fire prevention safety and self-defense configurations and emergency response operating procedures are in place. At least two fire prevention training and education sessions, rehearsals, and escape response drills are organized each year to help minimize the harm done because of accidents. Fire prevention facilities are inspected and fire prevention equipment is improved and updated each year and they are reported to the fire brigade to be inspected and qualified.

(6) There is the toxic substance emergency response team that prepares a sufficient quantity of response facilities and devices as required by law. It helps with curbing accidents and disasters if they do occur, reduce losses borne by the plant in terms of property and equipment in cases of accidents, and minimize personnel casualties. Gas leak detector and alarm equipment care and testing take place once a month. In addition, there are the secondary UPS equipment and systems to support normal operations in case of electricity shortage or interruption. Various preventive and rescue facilities are cared once a month and calibrated once a year, too. Periodic trainings, drills, and education and communication are scheduled each year for the plant in order to enrich the staff’s knowledge about disaster prevention and response experience. Educational training covers training for new hires, on general knowledge about hazards, fire prevention, toxic disasters, first aid, evacuation, emergency response, and personal protective equipment. Actual qualification is required to evaluate the efficacy of educational training. Annual impromptu tests and drills, therefore, can help verify if respective preventive and rescue trainings have rendered expected results. Disaster education and communication are combined in preventive and rescue trainings and cover awareness of toxic chemicals and precautions during operation, how to use personal protective equipment, first aid, disaster prevention, reporting mechanism, and evacuation, among others. They take place once a year and the audience are all staff in the plant. Impromptu tests take place twice a year, including rehearsals and hands-on drills. They are conducted for members of the emergency response team. Hands-on drills occur once a year and external support units such as police, fire prevention, environmental protection, and medical care, will be included depending on the situational needs to emphasize the cooperation needed in response to accidents.

(7) All facilities are periodically inspected to ensure compliance with safety requirements and people are asked to wear protective equipment as needed for preventive purpose. Respective units prepare their own safety manuals and enforce educational training reflective of the operational safety requirements for each piece of equipment.

(8) Enforce safety education for contractors: Contractors must complete safety and health education before construction begins and respective safety tools and equipment are to be checked to ensure absence of safety concerns in advance. During construction, there are people to monitor and inspect tasks being carried out. If fire-related operations are needed, they need to be applied for in advance, too. Proper fire prevention facilities need to be in

place before they may take place.

(9) The environment is disinfected once a quarter. Drinking fountains are checked for water quality periodically. The 6S movement is being promoted at respective departments to enforce spontaneous safety, tidiness, and cleanness checks.

(10) Labor safety and health education information is updated on the bulletin board periodically.

(11) There is strict access control: Security guards are in charge of safety control around the clock at the gate. To access respective premises, there are separate control measures, too; one must be granted permission to access them by swiping his/her card. Surveillance cameras are available at respective entrances/exits for monitoring purpose throughout the day.

(12) Smoking is prohibited indoors throughout the plant. There is a dedicated smoking area outdoors.

2. Health promotion

(1) There are dedicated labor health service nurses hired at the plant for the following tasks:

a. Workplace hazard identification and health risk management (including the health surveillance program for special tasks)

b. Labor physical (health) examination findings and analyses

c. Reinstatement program for optional workers and workers affected by occupational injuries and diseases

d. Labor health examination and health management in case of any abnormality found relevant to work

e. Health protection program for workers under the age of 18 or mid-to-old-aged workers

f. Maternal health protection plan

g. High-risk worker case evaluation and management

h. Occupational injuries and diseases prevention, case management, and retention of the records

i. Prevention against disease caused by abnormal workload

j. Prevention against illegitimate infringement in workplace

k. Prevention against ergonomic hazards

l. Emergency response plan

m. Health education, guidance, and promotion

n. Occupational hygiene or health study report

(2) There are contract occupational therapists to provide services on site once every two months; the site visits are meant to prevent occupational hazards and disasters and for providing consultations, including Assisting the employer and the occupational safety and health personnel in preventing against diseases and in improving the workplace that are relevant to their tasks, identifying and evaluating the workplace and operational hazards, providing advice on the improvement and planning of safety and health facilities in the workplace, investigating the correlation between the health of workers, evaluating health risks for workers at high risk in terms of their health, and adopting necessary preventive and health promotion measures.

(3) There are also the automated extracorporeal defibrillators (AEDs) throughout the plant to be better equipped in cases of first aid needs.

(4) As is required by law, 9 first aid people are available. First aid people complete periodic trainings on a yearly basis. In 2019, three additional sessions of AED and CPR trainings took place, too, with a headcount of 70 people getting trained.

(5) The general health examination for the staff, physical checkups for those working night shifts, and the health examination for those engaged in special operations were held in 2019.

(6) Devotion to promoting a healthy workplace with smoking comprehensively banned indoors and only one smoking area set up outdoors: In 2011, for the effort to promote prevention against tobacco hazards in workplace, the Company was awarded the Healthy Workplace Autonomous Certification - Tobacco Hazard Prevention Symbol by the Health Promotion Administration under the Department of Health Executive Yuan. In 2015, the Company was also awarded the Healthy Workplace Certification - Health Activation Symbol.

(7) In 2019 a total of 14 health promotion events were held, including courses on fascia relaxation, muscle tone (preliminary, pilates, advanced, and circuit muscle tone training), aerobics (preliminary, energizing, fat burning, dirty dancing aerobics), nutrition workshops (healthy weight loss - balanced diet), and pressure relief (positive-thinking to relieve pressure), participated in by a headcount of around 350 people. To encourage the emphasis on health and exercise habit and culture among its people, the Company also provides fascia relaxation rollers, elastic bands, and coupons that they can use.

(V) Employee Code of Conduct and Ethical Norms

The Company's corporate culture features integrity, diligence, and frugality. It values personal character and ethical corporate management. All staff and high-ranking managers must follow the rules below:

1. Employees shall fulfill their duties at work in compliance with the Company’s rules that are reasonable and legitimate and follow reasonable commands from their supervisors without any carelessness, excuses, or defiance.
2. Employees shall work hard internally, cherish public properties, reduce losses, enhance quality, increase production, and keep business or duty secrets externally.
3. Employees shall follow the hierarchical system and may not skip any higher-ranking supervisor while reporting something relevant to their duties or public affairs unless it is an emergency or a special situation.
4. Employees may not bring guns and ammunition, contrabands, weapons, inflammables or combustibles, cameras, or items irrelevant to public duties into the workplace.
5. The Company is devoted to creating a friendly workplace with gender equality and strictly prohibits sexual harassments and abnormal personal relationships and forbids any illegal behavior among its people that endangers colleagues and the corporation.
6. External social occasions engaged in by people at all levels shall be limited to practically necessary ones and such occasions do not include illegitimate venues. The Company also strictly prohibits dangerous behaviors such as drunk driving that is seriously against the discipline.
7. All employees shall abide by the Company’s work rules that have been approved by the competent authority and filed for reference and will be adequately updated reflective of changes to laws and regulations.
8. In order to create a culture of ethical corporate management, everyone shall abide by the Company’s Ethical Management Code of Conduct and Ethical Management Operating Procedure and Behavioral Guide and sign the Integrity Commitment upon reporting to job to indicate his/her commitment to strictly following all matters concerning integrity while dealing with all counterparts (such as customers and contractors) as defined by BIOTEQUE and will absolutely not ask for, agree upon, engage in any bribery with or payment of, or request any illegitimate interest (such as kickbacks) or, directly or indirectly, benefit oneself or someone related and/or the designee from the counterpart or the related party and/or designee.
9. The Company’s people have signed the Confidentiality Agreement upon reporting to job to undertake that they will properly store and keep confidential any product, related engineering and technical drawing, document, form, and data, among others, that is provided by BIOTEQUE and relevant to the R&D, manufacturing, production, distribution, and management

of products or related business information about the operation, products, production techniques, sales, or others of BIOTEQUE that they become aware of due to their responsibilities at work.

10. The Company has information management rules in place to govern the use of information and operation of equipment by colleagues and to prohibit disclosure of such information.
11. Workplace Sexual Harassment Prevention Measures are prepared according to Article 13 of the Act of Gender Equality in Employment and the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace promulgated by the Ministry of Labor under the Executive Yuan to provide the employed and job seekers with a work and service environment free of sexual harassments and appropriate preventive, corrective, disciplinary, and handling approaches are adopted to protect the rights and privacy of the parties concerned.
12. The preventive program against illegitimate infringement due to fulfillment of duties at work was prepared taking reference of the Guide to Prevention against Illegitimate Infringement in Workplace revised on June 21, 2017 by the Occupational Safety and Health Administration under the Ministry of Labor to prevent and manage violence in workplaces.

(VI) Overview of labor-management interactions

Solidarity and co-prosperity are one of the management beliefs of BIOTEQUE. The labor-management relations are managed on the principles of respect, communication, and harmony. There have not been losses caused by labor-management disputes. BIOTEQUE proactively keeps communications open with its people. Employees can provide their advice and opinions about management in a variety of ways.

1. Labor-management negotiations are held on a quarterly basis to ensure smooth communications between the parties.
2. Plenary meetings are held on a quarterly basis; they are presided over by the General Manager and high-ranking supervisors in person and are meant to update everyone in the Company on its operations. Colleagues may make suggestions and express and communicate opinions in these meetings.
3. High-ranking meetings, operational performance discussions, product development progress discussions, and quality meetings are held on a monthly basis to help keep track of the operations and make adequate modifications.
4. Weekly meetings take place each week at respective units and what are discussed and advised in these meetings are reported to higher-ranking supervisors for approval.
5. There are the General Manager’s mailbox, rewards or punishments appealing channel, Sexual Harassment Committee mailbox and telephone, and workplace illegitimate infringement mailbox and telephone in place.
6. Colleagues get to know respective decisions and announcements through the bulletin board, email, and the KM platform.
7. Incentives for submitting improvement proposals are available to encourage colleagues to propose corrective actions to the Company. As soon as a proposal is submitted, the bonus is issued. If the proposal is determined to be able to bring about substantial benefits, a certain % is set aside to be the rewards for staff involved in producing the proposal. Each year there are more than 100 proposals introduced.

(II) List the losses as a result of labor-management disputes and disclose current values and estimates that are likely to occur in the future and countermeasures in the most recent year and up to the date the Annual Report was printed. If reasonable estimates are impossible, state the facts why they cannot be reasonably estimated:

Solidarity and co-prosperity are one of the management beliefs of BIOTEQUE. The labor-management relations are managed on the principles of respect, communication, and harmony. There have not been any major labor-management disputes. BIOTEQUE proactively keeps communications open with its people. Employees can provide their advice and opinions about management in a variety of ways. The labor-management meetings are called for on the quarterly basis, too, so that the communications are kept open between the employer and the employees.

VI Important Contracts: None

VI. Financial Overview

I Most Recent 5-Year Concise Financial Information

(I) Concise Balance Sheet and Income Statement

(1) Concise Balance Sheet

1-1 Concise Balance Sheet (Consolidated)

Unit: NT$1,000

Item / Year		Financial Data of Most recent 5-Year				
		2015	2016	2017	2018	2019
Current assets		1,466,651	1,467,878	1,579,581	1,690,994	1,815,829
Property, plant and equipment		943,518	987,709	959,108	944,734	943,782
Intangible asset		0	0	0	0	0
Other assets		93,611	108,168	82,781	135,814	180,887
Total assets		2,503,780	2,563,755	2,621,470	2,771,542	2,940,498
Current liabilities	Before distribution	500,470	398,166	394,277	385,648	364,977
	After distribution	680,645	190,271	151,733	108,455	—
Non-current liabilities		105,659	88,236	90,417	71,867	87,394
Total liabilities	Before distribution	606,129	486,402	484,694	457,515	452,371
	After distribution	425,953	278,507	242,150	180,322	–
The equity that belongs to the client of the parent company		1,897,651	2,077,353	2,136,776	2,314,027	2,488,127
Capital stock		691,347	692,983	692,983	692,983	692,983
Capital reserve		375,211	384,467	315,168	315,168	315,168
Retained earnings	Before distribution	793,700	970,595	1,135,084	1,294,932	1,481,690
	After distribution	613,524	762,700	892,540	1,017,739	—
Other equities		37,393	29,308	(6,459)	10,944	(1,714)
Treasury stock		0	0	0	0	0
Uncontrolled equity		0	0	0	0	0
Total equity	Before distribution	1,897,651	2,077,353	2,136,776	2,314,027	2,488,127
	After distribution	1,717,475	1,869,458	1,894,232	2,036,834	—

Note: As of the date the Annual Report was printed, the distribution of earnings from 2019 has not been approved through the shareholders' meeting.

1-2 Concise Balance Sheet (Individual)

Unit: NT$1,000

Item \ Year		Financial Data of Most recent 5-Year				
		2015	2016	2017	2018	2019
Current assets		1,250,988	1,420,691	1,433,407	1,521,490	1,681,288
Property, plant and equipment		582,351	560,902	561,957	536,449	506,384
Intangible asset		0	0	0	0	0
Other assets		556,429	535,720	557,535	672,333	765,213
Total assets		2,389,768	2,517,313	2,552,899	2,730,272	2,952,885
Current liabilities	Before distribution	443,876	392,037	370,384	354,626	377,449
	After distribution	263,700	184,142	127,840	77,433	—
Non-current liabilities		48,241	47,923	45,739	61,619	87,309
Total liabilities	Before distribution	492,117	439,960	416,123	416,245	464,758
	After distribution	311,941	232,065	173,579	139,052	—
The equity that belongs to the client of the parent company		1,897,651	2,077,353	2,136,776	2,314,027	2,488,127
Share capital		691,347	692,983	692,983	692,983	692,983
Capital reserve		375,211	384,467	315,168	315,168	315,168
Retained earnings	Before distribution	793,700	970,595	1,135,084	1,294,932	1,481,690
	After distribution	613,524	762,700	892,540	1,017,739	—
Other equities		37,393	29,308	(6,459)	10,944	(1,714)
Treasury stock		0	0	0	0	0
Uncontrolled equity		0	0	0	0	0
Total equity	Before distribution	1,897,651	2,077,353	2,136,776	2,314,027	2,488,127
	After distribution	1,717,475	1,869,458	1,894,232	2,036,834	—

Note: As of the date the Annual Report was printed, the distribution of earnings from 2019 has not been approved through the shareholders' meeting.

(2) Concise Income Statement

2-1 Concise Income Statement (Consolidated)

Unit: NT$1,000

Year / Item	Financial Data of Most recent 5-Year				
	2015	2016	2017	2018	2019
Operating revenue	1,259,420	1,406,959	1,420,219	1,613,009	1,858,900
Gross profit	550,702	625,976	603,674	689,041	816,956
Operating loss and profit	368,221	438,697	428,171	489,192	580,489
Non-operating income and expenditures	32,437	2,011	(35,101)	26,076	12,081
Net profit before tax	400,658	440,708	393,070	515,268	592,570
Current net profit of the continuing operating department	315,766	358,232	303,939	404,997	464,172
Losses from discontinued units	0	0	0	0	0
Net profit of the current term (loss)	315,766	358,232	303,939	404,997	464,172
Other combined profits and losses of current term (after-tax net value)	16,584	(9,246)	(36,621)	14,798	(12,879)
Sum of combined profits and losses of current term	332,350	348,986	267,318	419,795	451,293
The net profit belongs to the client of the parent company	315,766	358,232	303,939	404,997	464,172
The net profit belongs to uncontrolled equity	0	0	0	0	0
Total combined profits and losses belong to the client of the parent company	332,350	348,986	267,318	419,795	451,293
Total combined profits and losses belong to uncontrolled equity	0	0	0	0	0
Earnings per share (EPS)	4.07	5.17	4.39	5.84	6.70

2-2 Concise Income Statement (Individual)

Unit: NT$1,000

Item / Year	Financial Data of Most recent 5-Year				
	2015	2016	2017	2018	2019
Operating revenue	1,258,804	1,405,203	1,372,185	1,518,118	1,692,919
Gross profit	562,014	611,361	555,321	618,152	713,203
Operating loss and profit	386,179	435,876	396,192	439,581	501,995
Non-operating income and expenditures	14,432	3,762	(4,709)	72,990	84,355
Net profit before tax	400,611	439,638	391,483	512,571	586,350
Current net profit of the continuing operating department	315,766	358,232	303,939	404,997	464,172
Losses from discontinued units	0	0	0	0	0
Net profit of current term (loss)	315,766	358,232	303,939	404,997	464,172
Other combined profits and losses of the current term (after-tax net value)	16,584	(9,246)	(36,621)	14,798	(12,879)
Sum of combined profits and losses of current term	332,350	348,986	267,318	419,795	451,293
The net profit belongs to the client of the parent company	315,766	358,232	303,939	404,997	464,172
The net profit belongs to uncontrolled equity	0	0	0	0	0
Total combined profits and losses belong to the client of the parent company	332,350	348,986	267,318	419,795	451,293
Total combined profits and losses belong to uncontrolled equity	0	0	0	0	0
Earnings per share	4.07	5.17	4.39	5.84	6.70

(II) Independent Auditor and Their Opinions for Most Recent 5-Years

Year	Name of Firm	Name of CPA	Auditor’s Opinion
2015	KPMG	Xiu-Yu Lin, Bo-Shu Huang	No reservations
2016	KPMG	Ya-lin Chen, Bo-Shu Huang	No reservations
2017	KPMG	Ya-lin Chen, Bo-Shu Huang	No reservations
2018	KPMG	Ya-lin Chen, Yen-Da Su	No reservations
2019	KPMG	Ya-lin Chen, Yen-Da Su	No reservations

II. Most Recent 5-Year Financial Analysis

(I) Financial Analysis (Consolidated)

Item		Most Recent 5-Year Financial Information				
	Year	2015	2016	2017	2018	2019
Financial structure (%)	Liability-to-asset ratio	24.21	18.97	18.49	16.51	15.38
	Long term capital to real estate, plants, and equipment Ratio	212.32	219.25	232.22	252.55	272.89
Solvency (%)	Current ratio	293.05	368.66	400.63	438.48	497.52
	Quick ratio	261.33	314.07	347.44	362.07	419.57
	Interest Protection Multiples	113.26	131.7	139.80	175.25	307.4
Management ability	Receivable turnover ratio (times)	6.39	6.12	5.58	5.86	6.52
	Average collection days	57.12	59.64	65.41	62.28	55.98
	Inventory turnover ratio (times)	5.01	4.49	4.07	3.86	3.79
	Payable turnover ratio (times)	9.35	8.57	8.05	8.80	9.43
	Average sales days	72.85	81.29	89.68	94.55	96.30
	Real estate, plants and equipment turnover ratio (times)	1.35	1.46	1.46	1.69	1.97
	Total asset turnover ratio (times)	0.52	0.56	0.55	0.60	0.65
Profitability	Return on assets (%)	13.14	14.25	11.81	15.11	16.31
	Return on equity (%)	16.71	18.02	14.42	18.20	19.33
	Net profit before tax to paid-in capital size ratio (%) (Note 7)	57.95	63.6	56.72	74.36	85.51
	Net profit ratio （%）	25.07	25.46	21.40	25.11	24.97
	Earnings per share (NT$)	4.07	5.17	4.39	5.84	6.70
Cash flow	Cash flow ratio (%)	77.01	95.6	85.35	119.39	170.81
	Cash flow adequacy ratio (%)	103.67	99.73	100	99.5	117.07
	Cash Re-investment ratio (%)	8.02	6.18	3.22	5.80	10.28
Leverage	Operating leverage	1.45	1.39	1.37	1.37	1.37
	Financial leverage	1.01	1.01	1.01	1.01	1

Explain the reasons for the changes in respective financial ratios over the most recent two years. (No analysis is required if the variation in increases/decreases falls short of 20%.)

1. Interest protection multiples: because of the increased net profit before tax from the previous year
2. Cash flow ratio: because of the increased cash flow from business activities as compared to the previous year.
3. Cash re-investment ratio: because of the increased cash flow from business activities as compared to the previous year and the increased cash dividends from the previous year.

Note 1: The above years have been audited by the CPA with records on file.

Note 2: At the end of this table of the Annual Report, the calculation formula as shown below shall be listed:

1. Financial structure

(1) Liability-to-asset ratio = total liabilities/ total assets

(2) Long term capital to real estate, plants and equipment ratio = (Total equities + Non-current liabilities)/Net value of real estate, plants and equipment

2. Solvency

(1) Current ratio = Current assets/ Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Advance payments)/Current liabilities.

(3) Interest protection multiples = Income tax and net profit before interest/Interest expenditure of current term

3. Management ability

(1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivable turnover ratio

(3) Inventory turnover ratio = Sales cost/mean inventory

(4) Payable (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days = 365/Inventory turnover ratio

(6) Real estate, plants and equipment ratio = Net sales value/Mean net value of real estate, plants and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [after-tax gains and losses + interest × (1-tax ratio)]/gross assets on average

(2) Return on equity = after-tax gains and losses/mean total equity

(3) Net profit ratio = After-tax profits and losses/Net sales value

(4) Earnings per share = (Profits and losses that belong to clients of the parent company - Preferred stock dividend)/Weighted average number of shares (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from business activities/Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow of operating activities over the past five years/(capital expenditure + increase in inventory + cash dividend) over the past five years.

(3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(net value of real estate, manufacturing facilities, and equipment + long-term investment + other non-current assets + working capital) (Note 5)

6. Leverage:

(1) Operating leverage = (Net operating revenue - Change in operating costs and expenses)/Operating profit (Note 6).

(2) Financial leverage = Operating profit/(Operating profit - interest).

Note 3: For the calculation of earnings per share mentioned above, particular attention shall be paid to the following upon measurement:

1. The baseline shall be the weighted average number of common stock shares instead of the number of shares already in circulation at the end of the year.

2. For any transaction involving cash capital increase or treasury stock, the circulation period shall be considered while the weighted average number of shares is being calculated.

3. With any earnings transferred capital increase or capital reserve transferred capital increase, while the earnings per share for the previous year and the previous half six months are being calculated, adjustments shall be made retroactively according to the capital increase ratio. There is no need to consider the release period of the said capital increase.

4. If the preferred stock is non-convertible accumulated preferred stock, the annual dividend (released or not) shall be deducted from the after-tax profit or the after-tax net loss shall be increased. If the preferred stock is not accumulated in nature, with after-tax profit, the preferred stock dividend shall be deducted from after-tax profit; no adjustment is needed in case of deficit.

Note 4: For the analysis of cash flows, particular attention shall be paid t the following upon measurement:

1. Net cash flows of operating activities refer to the net cash in-flows of operating activities in the cash flow chart.

2. Capital expenditure refers to the cash out-flows of capital investments each year.

3. The increase in inventory is only calculated when the balance at the end of term is greater than the balance in the beginning of term. If the inventory is reduced at the end of the year, it is counted as zero.

4. Cash dividend includes that of common stock and preferred stock.

5. Gross value of real estate, plants and equipment refers to the total value of real estate, plants and equipment prior to deduction of accumulated depreciation.

Note 5: The issuer shall divide respective operating costs and expenses into fixed and variable according to their nature. If estimates or subjective judgment is involved, attention shall be paid to the legitimacy and maintenance of the consistency.

Note 6: When the Company's shares do not have a denomination or the denomination per share is not NT$10, the above-mentioned paid-in capital ratio shall be calculated with the equity ratio that belongs to clients of the parent company as shown in the Balance Sheet.

(II) Financial Analysis (Individual)

Item	Year	Most Recent 5-Year Financial Information				
		2015	2016	2017	2018	2019
Financial structure (%)	Liability-to-asset ratio	18.57	17.48	16.3	15.25	15.74
	Long term capital to real estate, plants, and equipment Ratio	334.14	378.9	388.38	442.85	508.59
Solvency (%)	Current ratio	281.83	362.39	387.01	429.04	445.43
	Quick ratio	250.59	319.56	341.61	370.1	391.33
	Interest Protection Multiples	314.71	445.53	535.81	734.29	1403.75
Management ability	Receivable turnover ratio (times)	6.3	6.11	3.95	3.98	4.94
	Average collection days	62.93	59.74	92.41	91.71	73.89
	Inventory turnover ratio (times)	5.33	5.67	5.32	5.15	5.07
	Payable turnover ratio (times)	9.21	8.72	6.68	7.18	7.39
	Average sales days	68.48	64.37	68.61	70.87	71.99
	Real estate, plants and equipment turnover ratio (times)	2.09	2.46	2.44	2.76	3.25
	Total asset turnover ratio (times)	0.54	0.57	0.54	0.57	0.60
Profitability	Return on assets (%)	13.69	14.63	12.01	15.35	16.35
	Return on equity (%)	16.71	18.02	14.42	18.2	19.33
	Net profit before tax to paid-in capital size ratio (%) (Note 7)	57.95	63.44	56.49	73.97	84.61
	Net profit ratio (%)	25.08	25.49	22.15	26.68	27.42
	Earnings per share (NT$)	4.07	5.17	4.39	5.84	6.70
Cash flow	Cash flow ratio (%)	90.55	85.05	106.05	106.12	112.67
	Cash flow adequacy ratio (%)	144.22	128.45	130.6	115.62	124.3
	Cash Re-investment ratio (%)	8.89	4.72	4.69	3.31	4.56
Leverage	Operating leverage	1.41	1.36	1.36	1.20	1.38
	Financial leverage	1	1	1	1	1

Explain the reasons for the changes in respective financial ratios over the most recent two years. (No analysis is required if the variation in increases/decreases falls short of 20%.)

1. Interest protection multiples: because of the increase in pre-tax income
2. Receivable turnover ratio (times): primarily because of optimal collections of payments.
3. Cash re-investment ratio: because of the decreased cash flow from business activities as compared to the previous year and the increased cash dividends from the previous year.

Note 1: The above years have been audited by the CPA with records on file.

Note 2: At the end of this table of the Annual Report, the calculation formula as shown below shall be listed:

1. Financial structure

(1) Liability-to-asset ratio = total liabilities/ total assets

(2) Long term capital to real estate, plants and equipment ratio = (Total equities + Non-current liabilities)/Net value of real estate, plants and equipment

2. Solvency

(1) Current ratio = Current assets/ Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Advance payments)/Current liabilities.

(3) Interest protection multiples = Income tax and net profit before interest/Interest expenditure of current term

3. Management ability

(1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivable turnover ratio

(3) Inventory turnover ratio = Sales cost/mean inventory

(4) Payable (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days = 365/Inventory turnover ratio

(6) Real estate, plants and equipment ratio = Net sales value/Mean net value of real estate, plants and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [after-tax gains and losses + interest × (1-tax ratio)]/gross assets on average

(2) Return on equity = after-tax gains and losses/mean total equity

(3) Net profit ratio = After-tax profits and losses/Net sales value

(4) Earnings per share = (Profits and losses that belong to clients of the parent company - Preferred stock dividend)/Weighted average number of shares (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from business activities/Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow of operating activities over the past five years/(capital expenditure + increase in inventory + cash dividend) over the past five years.

(3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(net value of real estate, manufacturing facilities, and equipment + long-term investment + other non-current assets + working capital) (Note 5)

6. Leverage:

(1) Operating leverage = (Net operating revenue - Change in operating costs and expenses)/Operating profit (Note 6).

(2) Financial leverage = Operating profit/(Operating profit - interest).

Note 4: For the calculation of earnings per share mentioned above, particular attention shall be paid to the following upon measurement:

1. The baseline shall be the weighted average number of common stock shares instead of the number of shares already in circulation at the end of the year.

2. For any transaction involving cash capital increase or treasury stock, the circulation period shall be considered while the weighted average number of shares is being calculated.

3. With any earnings transferred capital increase or capital reserve transferred capital increase, while the earnings per share for the previous year and the previous half six months are being calculated, adjustments shall be made retroactively according to the capital increase ratio. There is no need to consider the release period of the said capital increase.

4. If the preferred stock is non-convertible accumulated preferred stock, the annual dividend (released or not) shall be deducted from the after-tax profit or the after-tax net loss shall be increased. If the preferred stock is not accumulated in nature, with after-tax profit, the preferred stock dividend shall be deducted from after-tax profit; no adjustment is needed in case of deficit.

Note 5: For the analysis of cash flows, particular attention shall be paid t the following upon measurement:

1. Net cash flows of operating activities refer to the net cash in-flows of operating activities in the cash flow chart.

2. Capital expenditure refers to the cash out-flows of capital investments each year.

3. The increase in inventory is only calculated when the balance at the end of term is greater than the balance in the beginning of term. If the inventory is reduced at the end of the year, it is counted as zero.

4. Cash dividend includes that of common stock and preferred stock.

5. Gross value of real estate, plants and equipment refers to the total value of real estate, plants and equipment prior to deduction of accumulated depreciation.

Note 6: The issuer shall divide respective operating costs and expenses into fixed and variable according to their nature. If estimates or subjective judgment is involved, attention shall be paid to the legitimacy and maintenance of the consistency.

Note 7: When the Company's shares do not have a denomination or the denomination per share is not NT$10, the above-mentioned paid-in capital ratio shall be calculated with the equity ratio that belongs to clients of the parent company as shown in the Balance Sheet.

III. Review Reports of Supervisors or Audit Committee of the Financial Statement from the Most Recent Year:

BIOTEQUE CORPORATION
Supervisor's Review Report

Among the 2019 Business Report, Financial Statement, and Proposal on Distribution of Earnings prepared by the Board of Directors, the Financial Statement, in particular, was completely audited by CPAs Ya-lin Chen and Yen-Da Su of KPMG and the Audit Report was issued. The above-mentioned Business Report, Financial Statement, and Proposal on Distribution of Earnings have been reviewed by the Supervisor and no inconsistency has been found. Therefore, according to applicable requirements of the Company Act and the Securities Exchange Act; the report is prepared as above for your review.

To
BIOTEQUE CORPORATION
2020 General Shareholders' Meeting

Supervisor: Ying-Ling Li

Zhen-Pan Hong

(KING POLYTECHNIC ENGINEERING CO., LTD. Representative)

Xing Wang

March 11, 2020

IV. Financial Statement and CPA Audit Report from the Most Recent Year: Refer to Appendix A for details.

V. Individual Financial Statements of the Latest Year Audited and Certified by CPAs: Refer to Appendix B for details.

VI. Impacts of Latest Financial Difficulties Encountered by the Company and Its Associated Enterprises on Company's Financial Standing in the Most Recent Year and Up to the Date the Annual Report Was Printed: None.

VII. Financial Status and Performance Analysis, and Risks Evaluation

I Financial Status

1. Main reasons for the variation in the assets, liabilities, and shareholders' equity for the most recent 2-Year and the impacts

Year / Item	2019	2018	Difference	
			Value	%
Current assets	1,815,829	1,690,994	124,835	7.38%
Property, plant and equipment	943,782	944,734	-952	-0.10%
Other Assets	180,887	135,814	45,073	33.19%
Total assets	2,940,498	2,771,542	168,956	6.10%
Current liabilities	364,977	385,648	-20,671	-5.36%
Non-current liabilities	87,394	71,867	15,527	21.61%
Total liabilities	452,371	457,515	-5,144	-1.12%
Share capital	692,983	692,983	0	0%
Additional paid-in capital	315,168	315,168	0	0%
Retained earnings	1,481,690	1,294,932	186,758	14.42%
Other equities	-1,714	10,944	-12,658	-115.66%
Total shareholders' equity	2,488,127	2,314,027	174,100	7.52%
Descriptions of the primary analysis of the ratio of increase/decrease up to 20% over the past two years: (1) The increase of 33.19% in other assets is mainly the result of the increase in the user right assets applicable under IFRS 16 and the advance payment for equipment of 2019. (2) The increase of 21.61% in non-current liabilities is mainly the result of the increase in the lease liabilities applicable under IFRS 16. (3) The decrease in other equities is mainly the result of the increase in the difference in exchange from the conversion of financial statements of overseas operating entities.				

(II) Describe the future response plan if significant impacts are involved: None.

II. Financial Performance

(I) Main reason for the major changes in the operating revenue, operating net profit, and net profit before tax for the most recent 2-Year

Year / Item	2019	2018	Increased (Decreased) Value	Change ratio (%)
Operating revenue	1,858,900	1,613,009	245,891	15.24%
Operating Cost	1,041,944	923,968	117,976	12.77%
Gross profit	816,956	689,041	127,915	18.56%
Operating Expense	236,467	199,849	36,618	18.32%
Net operating profit	580,489	489,192	91,297	18.66%
Non-operating income and expenditure	12,081	26,076	-13,995	-53.67%
Net profit before tax of	592,570	515,268	77,302	15%

the continuing operating department				
Net profit of current term	464,172	404,997	59,175	14.61%
Earnings per share (EPS)	6.7	5.84	0.86	14.73%
Descriptions of the primary analysis of the ratio of increase/decrease up to 20% over the past two years: (1) Non-operating income and expenditure: It is mainly because of the impacts from foreign exchange losses worth NT$7,119,000 of the current term as compared to the gains worth NT$11,443,000 of the previous term.				

(II) Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the response plan:

Unit: Ten thousand pieces

Hemodialysis tube	1,152
Interventional radiology catheter	75
Infusion bag	8,567
Puncture needle	4,132
Interventional cardiology catheter	88
Surgical tube	240
Critical component and parts	51,000
Miscellaneous medical disposables	800

III Cash Flows

(I) Information on the analysis of changes in cash flows in the most recent year

Unit: NT$1,000

Balance of cash at start of term	Net cash flows from operating activities throughout the year	Net cash flows associated with investments throughout the year	Net cash flows associated with capital raising throughout the year	Impacts of change in exchange rate	Remaining (Shortage in) cash	Remedies in case of cash shortage	
						Investment plan	Wealth management plan
926,601	623,411	(145,731)	(343,864)	(5,821)	1,054,596	None	None

(1) Cash inflows for operations are mainly from the profits of 2018.
(2) Cash out-flows for investments are mainly meant to purchase machinery and equipment.
(3) Cash out-flows for financing are mainly the result of release of the 2018 cash dividends and payback of long-term borrowings.

(II)Correction plan in case of insufficient liquidity: There is not insufficient liquidity.

(III) Analysis of cash liquidity in the coming year:

Unit: NT$1,000

Balance of cash at start of term	Net cash flows from operating activities throughout the	Net cash flows associated with investments and capital raising	Remaining (Shortage in) cash	Remedies in case of cash shortage	
				Investment plan	Wealth management

	year	throughout the year			plan
1,054,596	344,001	(660,310)	738,287	None	None

Analysis of cash flows in the coming year:

(1) Business activities: It is estimated that under normal operations, business activities may continue to generate cash inflows and the estimated cash inflows are worth NT$ 344,001.

(2) Investments and financing: It is estimated that cash dividends need to be paid and machinery and equipment need to be purchased; Therefore, generated cash outflows are worth NT$ 660,310.

IV. Impacts of Latest Major Capital Expenditure to Financial Operation: None

V. Main Reasons for Profits or Losses of the Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

(I) Reinvestment policy of the most recent year: The reinvestment policy of the Company of the most recent year is to protect the principal and make profits robustly in principle.

(II) In 2019, the reinvestment gains and losses of the Company were NT$ 74,856,000 showing an increase from the previous year. In the future, the Company will continue to adhere to the principles of protecting the principal and making profits robustly while constantly and carefully evaluating the reinvestment plan.

(III) On March 10, 2020, the Company’s Board of Directors approved a flagship factory will be constructed in Yilan Science Park in order to create robust growths in operations in the future and realize sustainable operation of the Company. It will help enhance the image of the Company and signify the value of the manufacturing sector in Taiwan. Land is rented for the plant to be built in Yilan Science Park. The value of investments in the factory and the equipment totals around NT$ 1,335,000,000.

VI. Analysis and evaluation of risk matters in the most recent year up to the date of the Annual Report, including the following:

(I) Impacts of changes in the interest rate and exchange rate and inflation on the Company’s income and response measures in the future.

(1) Impacts of changes in the interest rate on the Company’s income and response measures in the future: The Company plans its funds conservatively and robustly in principle. Safety management is prioritized in the allocation of funds. Meanwhile, the interest rate and financial intelligence on the market are periodically evaluated in order to take appropriate response measures in a timely manner. The Company selects the more favorable funds utilization method depending on the cost of funds and possible return and risk in order to reduce the impacts of interest rate on the Company’s income. The Company’s financial composition has been sound and for operating funds and capital expenditures that are needed in response to the expansion in the business size, the Company primarily seeks financing from financial institutions. The expenditures on interest in the most recent year has had limited impacts on profitability for the time being.

(2) Impacts of changes in the exchange rate on the Company's income and response measures in the future: Due to the fact that exports account for a higher portion of the Company’s sales and that income from exports is mainly in US Dollar, in response to fluctuating exchange rates, the Company seeks the most suitable contemporary exchange rate reflective of the actual demand for funds. At times where the exchange rate is expected to fluctuate drastically, the forward foreign exchange approach is adopted to avoid the exchange rate risk. In the most recent year, the changes in the exchange rate have not had significant impacts on the Company’s income.

(3) Impacts of inflation on the Company’s income and response measures: In the most recent year, inflation have not had significant impacts on the Company’s income.

(II) Policy on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives, main profit or loss factors, and countermeasures in the future.

(1) The Company did not engage in high-risk and high-leverage investments in the most recent year.

(2) The Company was engaged in endorsement and guarantee with subsidiaries it reinvested in to meet operational demand in the most recent year. Lending of funds to others and endorsement and guarantee are prohibited for subsidiaries that the Company reinvested in.

(3) The Company did not engage in transactions of derivatives in the most recent year.

(III) Future research and development plans and R&D expenses expected to be devoted.

Item	Name of product	Description of plan	R&D budget expected to be invested in (Unit: NT$1,000)
1	Micro-puncture guide set	Capital expenditures, cost of dies, cost of tests	2,400
2	Chest drainage valve catheter	Capital expenditures, cost of dies	1,520
3	Fallopian tube imaging catheter set	Capital expenditures, cost of tests, cost of dies	2,120
4	Puncture catheter needle	Capital expenditures, cost of tests	1,000
5	Pig-tail drainage catheter set	Expansion of specifications	1,150
6	Dialysis catheter set	expansion of specifications, cost of dies, cost of tests	750
7	Catheter patch	Improvement	300
8	Cystoscope needle	Improvement	320
9	Urodynamics extension tube	Improvement, maintenance	320
10	Insulated heater	Improvement, maintenance	500
11	Micro-catheter package	Product development, cost of tests	1,020
12	Flexible ureteroscope access sheath	Introduction of product, cost of tests	400
13	Guide tube	Introduction of product, cost of tests	1,000
14	Guide sheath precision cutting hemostatic valve	Introduction of processing technique/equipment, capital expenditures	500
15	Pressurant tolerant balloon angioplasty catheter	Product optimization, capital expenditures	100
16	Vascular hydrophilic guide steel wire	Expansion of specifications, expansion of specifications	1000
17	Low-rigidity vascular imaging catheter	Expansion of specifications, expansion of specifications	1,100
18	Complete obstruction coronary artery balloon angioplasty catheter	Expansion of specifications, capital expenditure	460
19	Post-expansion coronary artery balloon angioplasty catheter	Expansion of specifications, capital expenditures	670

Item	Name of product	Description of plan	R&D budget expected to be invested in (Unit: NT$1,000)
20	high-value percutaneous transluminal coronary angioplasty catheter	Industrial upgrade innovation platform assistance program (Industrial High Value Program)	9,585
21	Needle-free joining extension tube	Costs of dies and tests	1,400
22	Non-DEHP transfusion flexible bag	Cost of tests	600
23	Chest drainage valve	Capital expenditure	1,200
24	Multi-channel adapter closed sputum suction tube	Capital expenditure, cost of tests	1,800
25	Electronic heater	Capital expenditure	1,200
26	Continuous portable peritoneal dialysis product	Improvement	400
27	Non-DEHP hemodialysis tubing and inner fistula winged needle	Cost of tests	1,080
28	Dual-lumen closed sputum suction tube	Costs of dies	543
29	Closed sputum suction tube (contrast + beta + 70 cm long ... New specification)	Cost of tests (biocompatibility + transport)	935
30	70 cm suction catheter	Cost of fixtures	30
31	72H closed sputum suction tube - L-shaped main tracheostomy part (for pediatric patients)	Capital expenditure, cost of tests	150
32	Closed sputum suction tube - Y-shaped joint (for pediatric patients)	Costs of dies	450

(IV) Impacts of important domestic and international policies and regulatory changes on the Company's financial performance and response measures: None.

(V) Effects of technological changes and industrial changes on the financial standing of the company and response measures: None.

(1) Technological changes are conducive to the Company improving its production lines towards automation, developing new products, and enhancing operating efficiency.
(2) In terms of industrial changes, due to the fact that the life cycle of products in the biochemical medical device industry is long with minimal variation, they do not impact much on the Company. Besides, with technological advancement, the demand for medical devices around the world will grow each year.

(VI) Impacts of changes in the corporate image on the management of corporate risks and response measures: None.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures: Not applicable.

(VIII) Expected benefits and possible risks of the expansion of plants and response measures: None.

(IX) Risks associated with focused purchases or sales and response measures:

The Company does not have the risk of over purchases or sales at present.

(X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company and response measures: None.

(XI) Impacts and risks of the change in the management on the Company, risks, and response measures: None.

(XII) Lawsuits and non-lawsuit events. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, general managers, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies shall be listed. If the results are likely to have significant impacts on shareholders' equity or prices of securities, the facts, target value, and start date of the lawsuit, main clients involved, and handling status as of the date of the Annual Report was printed shall be disclosed: None.

(XIII) Other important risks and response measures: None

VII. Other important matters: None.

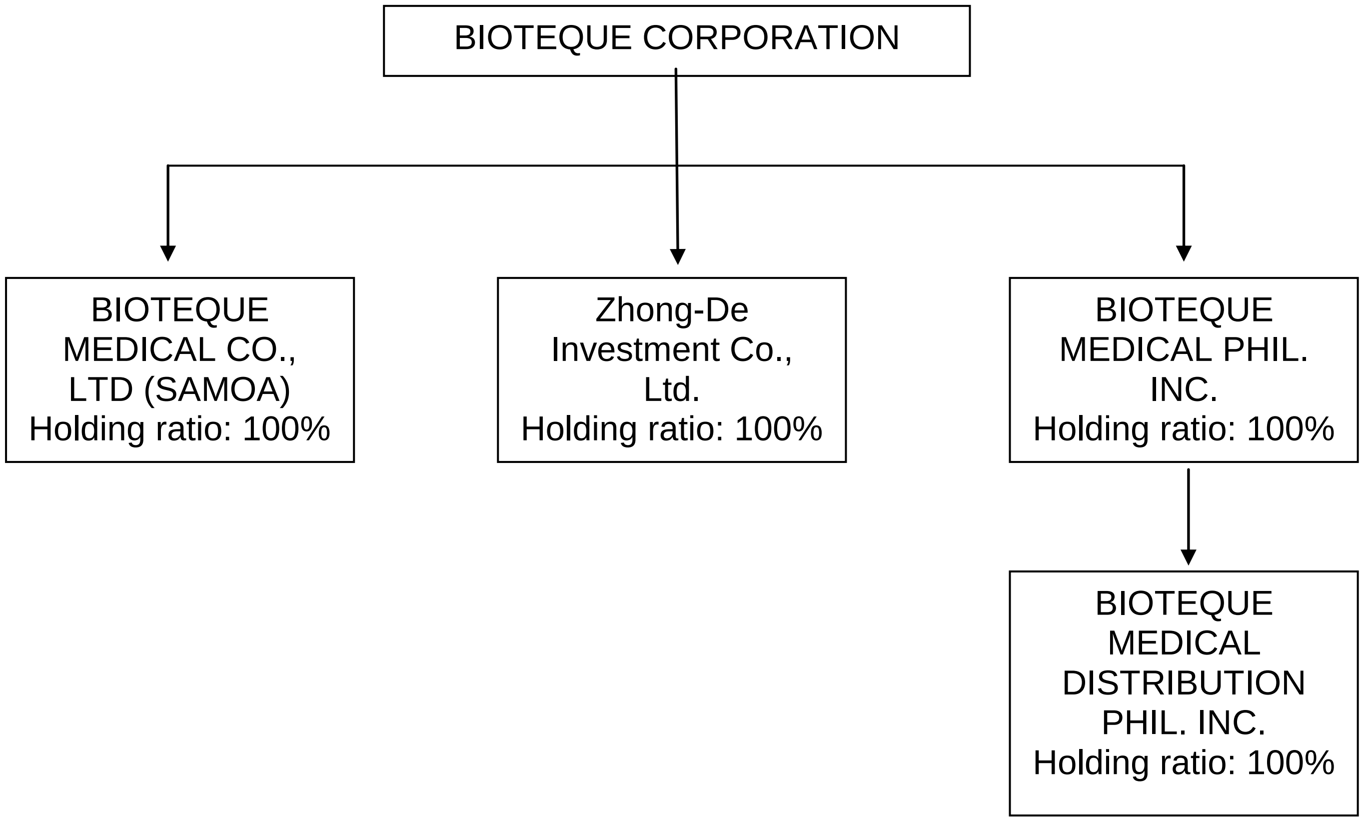
VIII. Special Notes:

I Information of Affiliated Enterprises

1. Consolidated Business Report of Affiliated Enterprises:

December 31, 2019

(1) Organizational Chart of Affiliated Enterprises



(2) Profile of respective affiliated enterprises

December 31, 2019

Name of enterprise	Establishment date	Address	Paid-in capital size	Primary operation or production	Exchange on the Report Date
BIOTEQUE CORPORATION	November 13, 1991	5F-6, No. 23, Section 1, Chang'an East Road, Taipei City	NT$692,983,000	Manufacturing and sale of medical consumables and imports and exports of medical equipment	1

BIOTEQUE MEDICAL CO., LTD(SAMOA)	February 15, 2007	Portcullis TrustNet Chambers, P.O. Box 1225,Apia, Samoa.	USD500,000	Reinvestment Business	30.08
Zhong-De Investment Co., Ltd.	February 23, 2011	5F-6, No. 23, Section 1, Chang'an East Road, Taipei City	NT$28,800,000	General investment	1
BIOTEQUE MEDICAL PHIL. INC	February 26, 2013	Hermosa Ecozone. Industrial Park Lots2-4, Block 14,Phase1.I,Brgy, Palihan,Hermosa, Bataan.	USD10,000,000	Manufacturing and sale of medical consumables and imports and exports of medical equipment	30.08
BIOTEQUE MEDICAL DISTRIBUTION PHIL. INC.	2014.02	Second Floor,Rodriguez Bldg,Dolores,City of San Fernando Pampanga	Pesos10,000,000	Sale of medical devices	0.6080

Note 1: All affiliated enterprises, regardless of the scale and size, shall be disclosed.
Note 2: For affiliated enterprises with factories whose product sales exceed 10% of the business revenue of the controlling company, the name, establishment date, address of the factory and main products produced at the factory shall also be listed.
Note 3: If an affiliated enterprise is a foreign company, the name and address of the enterprise may be indicated in English. The establishment date may also be indicated in the western date format. The paid-in capital size may be indicated in foreign currency, too, but the exchange rate on the report date shall be noted.

3. Data of common shareholders inferred to have control or to be in a subordinate relationship: None.

4. Profile of directors, supervisors, and general managers of individual affiliated enterprises

Unit: Share; %; December 31, 2019

Name of enterprise	Title (Note 1)	Name or Representative	Shares held (Notes 2 and 3)	
			Quantity	Holding ratio
BIOTEQUE CORPORATION	Chairman	Zong-Li Tsai	3,029,000	4.37%
	Director and General Manager	Ming-Zhong Li	1,445,346	2.08%
	Director	Zong Yu Investment Co., Ltd. Representative: Jing-Yi Tsai	1,611,752	2.33%
	Institutional representative of the director	Jing-Yi Tsai	178,572	0.26%
	Director	Yi-Xun Li	1,320,245	1.91%
	Director	Pang-Yen Zhang	851,038	1.22%
	Director	Jin-Long Lin	172,926	0.25%
	Director	Yi-Zhong Huang	30,408	0.04%
	Independent director	Zheng-Xiong Xu	0	0.00%
	Independent director	Bin-Xi Lin	0	0.00%
	Supervisor	Ying-Ling Li	871,857	1.26%

Name of enterprise	Title (Note 1)	Name or Representative	Shares held (Notes 2 and 3) Quantity	Holding ratio
	Supervisor	King Polytechnic Engineering Co., Ltd. Representative: Zhen-Pan Hong	304,219	0.44%
	Institutional representative of the supervisor	Zhen-Pan Hong	0	0.00%
	Supervisor	Xing Wang	44,000	0.06%
BIOTEQUE MEDICAL CO., LTD	Director	BIOTEQUE CORPORATION Representative - Ming-Zhong Li	500,000	100%
	Director	BIOTEQUE CORPORATION Representative - Zong-Li Tsai		
Zhong-De Investment Co., Ltd.	Chairman	BIOTEQUE CORPORATION Representative - Ming-Zhong Li	2,880,000	100%
	Director	BIOTEQUE CORPORATION Representative - Zong-Li Tsai		
	Director	BIOTEQUE CORPORATION Representative - Yi-Xun Li		
	Supervisor	BIOTEQUE CORPORATION Representative - Yi-Hui Zhang		
BIOTEQUE MEDICAL PHIL. INC.	Chairman	BIOTEQUE CORPORATION Representative - Ming-Zhong Li	4,480,775	100%
	Director	BIOTEQUE CORPORATION Representative - Jin-Long Lin		
	Director	BIOTEQUE CORPORATION Representative - Yi-Xun Li		
	Director	BIOTEQUE CORPORATION Representative - Yi-Zhong Huang		
	Director	BIOTEQUE CORPORATION Representative - Sen-Jun Zhou		
BIOTEQUE MEDICAL DISTRIBUTION PHIL. INC.	Director	BIOTEQUE MEDICAL PHIL. INC. Representative - Ming-Zhong Li	100,000	100%
	Director	BIOTEQUE MEDICAL PHIL. INC. Representative - Jin-Long Lin		
	Director	BIOTEQUE MEDICAL PHIL. INC. Representative - Yi-Xun Li		
	Director	BIOTEQUE MEDICAL PHIL. INC. Representative - Yi-Zhong Huang		
	Director	BIOTEQUE MEDICAL PHIL. INC. Representative - Sen-Jun Zhou		

Note 1: If an affiliated enterprise is a foreign company, list someone of equivalent position.
Note 2: If the company invested in is a corporation, please provide the quantity of shares and the shareholding ratio. For the others, please provide the capital size invested in and the capital ratio and proper notes.
Note 3: If the director or the supervisor is a corporation, related information of its representative shall also be disclosed.

5. Overview of individual associated enterprises' operation

Unit: NT$1,000; December 31, 2019

Name of enterprise	Capital size	Total assets	Total liabilities	Net worth	Operating revenue	Business Interest	Gains and losses of the current term	Earnings per share ($)
BIOTEQUE CORPORATION	692,983	2,952,885	464,758	2,488,127	1,692,919	501,995	464,172	6.700
BIOTEQUE MEDICAL CO., LTD	16,349	261,498	97	261,400	0	(1,501)	3,553	7.106
Zhong-De Investment Co., Ltd.	28,800	29,979	43	29,936	0	0	1,270	0.44
BIOTEQUE MEDICAL PHIL. INC.	299,315	790,261	395,792	394,469	450,574	61,212	70,033	15.63
BIOTEQUE MEDICAL DISTRIBUTION PHIL. INC.	6,801	54,012	38,185	15,827	76,006	12,288	8,695	86.95

Note 1: All affiliated enterprises, regardless of the scale and size, shall be disclosed.
Note 2: If an affiliated enterprise is a foreign company, related numbers shall be converted to and indicated in NT$ at the exchange rate on the report date.

(II) Consolidated Financial Statement of Affiliated Enterprises:

Same as the Consolidated Financial Statement, companies that should be included in the compiled Consolidated Financial Statement of Affiliated Enterprises are identical to those that shall be included in the compiled Consolidated Financial Statement of Parent Company and Subsidiaries in accordance with the Republic of China Statement of Financial Accounting Standards No. 7 and related information that shall be disclosed in the Consolidated Financial Statements of Affiliated Enterprises has been disclosed in the foregoing Consolidated Statement of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statement of Affiliated Enterprises is not prepared separately.

(III) Affiliation Report:

It will not be prepared separately for the same reasons as stated above. For related information, you may refer to the notes in the Consolidated Financial Statement of Parent Company and Subsidiaries as indicated above.

II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the date the Annual Report was printed: None.

IV. Other matters requiring supplementary information: None

IX. Matters Affecting Shareholders’ Equity or Stock Price: Matters according to the Article 36.3.2 of the Securities and Exchange Act of Taiwan in the most recent year and up to the date of printing of this Annual Report which have significant impact to Shareholders’ Equity or stock price: None.

Appendix A

Independent Auditors’ Report And 2019 Consolidated Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of Bioteque Corporation as of and for the year ended December 31, 2019 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 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bioteque Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bioteque Corporation
Chairman: TSAI, CHUNG-LI
Date: March 11, 2020

Independent Auditors' Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the consolidated financial statements of Bioteque Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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 of December 31, 2019 and 2018, 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 audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Provision for impairment of accounts receivable

   Please refer to Note 4(g) "Financial instruments" for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the consolidated financial statements, and Note 6(d) for the illustration of the impairment of accounts receivable.

The Group engages in manufacturing and selling the medical device. As of December 31, 2019, the amount of the accounts receivable is $218,958 thousand. The recovery ability of amounts due is concerned by the Managements' judgment. Consequently, the assessment of accounts receivable has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: Obtaining the calculation of expected credit loss (ECL) on trade receivable, and assessing the appropriateness of ECL; examining the aging of trade receivables to verify the accuracy of the ageing period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL.

2. Evaluation of inventories

Please refer to Note 4(h) "inventories" for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the consolidated financial statements, and Note 6(e) for the illustration of the evaluation of inventories.

The Group engage in manufacturing the medical device. As of December 31, 2019, the amount of the inventories is $268,278 thousand. Since the loss on valuation of inventories and obsolescence is based on the Managements' judgment. Consequently, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: Understanding the estimations of inventories at net realizable value by referring to their original transaction documents to test their accuracy. Accessing the inventory aging report and analyzing the aging of the inventories. Moreover, reviewing whether the valuation and the related information of the inventories are disclosed appropriately.

Other Matter

Bioteque Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 supervisors) are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Ya-Ling Chen and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2020

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’ audit 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’ audit report and consolidated financial statements, the Chinese version shall prevail.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,054,596	36	926,601	33
1110	Current financial assets at fair value through profit or loss (note 6(b))	178,118	6	176,325	6
1150	Notes receivable, net (notes 6(d) and (o))	68,834	2	71,638	3
1170	Accounts receivable, net (notes 6(d) and (o))	218,958	8	211,038	8
130X	Inventories (note 6(e))	268,278	9	281,734	10
1476	Other current financial assets (note 8)	513	-	1,943	-
1479	Other current assets (note 6(j))	26,532	1	21,715	1
	Total current assets	1,815,829	62	1,690,994	61
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	237	-
1600	Property, plant and equipment (notes 6(f), 8 and 9)	943,782	32	944,734	34
1755	Right-of-use assets (note 6(g))	64,365	2	-	-
1840	Deferred tax assets (note 6(l))	4,093	-	2,657	-
1915	Prepayments for business facilities (note 9)	103,336	4	77,393	3
1980	Other non-current financial assets	1,956	-	1,972	-
1995	Other non-current assets (note 6(j))	7,137	-	53,555	2
	Total non-current assets	1,124,669	38	1,080,548	39
	Total assets	$ 2,940,498	100	2,771,542	100

		December 31, 2019		December 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(h), 6(u) and 8)	$ -	-	25,000	1
2130	Current contract liabilities (notes 6(o))	36,709	1	33,923	1
2150	Notes payable	41,415	2	37,807	2
2170	Accounts payable	66,441	3	75,256	3
2209	Other payables (notes 6(k) and 6 (p))	125,208	4	104,116	4
2213	Payable on machinery and equipment	6,597	-	5,941	-
2230	Current tax liabilities	63,695	2	61,746	2
2280	Current lease liabilities (notes 6(i) and 6(u))	4,933	-	-	-
2320	Long-term liabilities, current portion (notes 6(h) and 6(u))	10,027	-	35,840	1
2399	Other current liabilities	9,952	-	6,019	-
	Total current liabilities	364,977	12	385,648	14
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(h), 6(u) and 9)	-	-	10,240	-
2570	Deferred tax liabilities (notes 6(l))	67,603	3	51,521	2
2580	Non-current lease liabilities (notes 6(i) and 6(u))	10,549	-	-	-
2600	Other non-current liabilities	-	-	8	-
2640	Net defined benefit liability, non-current (notes 6(k))	9,242	-	10,098	1
	Total non-current liabilities	87,394	3	71,867	3
	Total liabilities	452,371	15	457,515	17
	Equity attributable to owners of parent (notes 6(k) and 6(m)):				
3100	Ordinary shares	692,983	24	692,983	25
3200	Capital surplus	315,168	11	315,168	11
	Retained earnings:				
3310	Legal reserve	323,903	11	283,404	10
3320	Special reserve	-	-	6,459	-
3350	Unappropriated retained earnings	1,157,787	39	1,005,069	37
		1,481,690	50	1,294,932	47
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	(1,714)	-	12,259	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	(1,315)	-
		(1,714)	-	10,944	-
	Total equity	2,488,127	85	2,314,027	83
	Total liabilities and equity	$ 2,940,498	100	2,771,542	100

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(o))**	$ 1,858,900	100	1,613,009	100
5000	**Operating costs (notes 6(e), (f), (j), (k) and 12)**	1,041,944	56	923,968	57
	Gross profit from operations	816,956	44	689,041	43
6000	**Operating expenses (notes 6(f), (g), (k), (p), 7 and 12):**				
6100	Selling expenses	88,660	5	75,987	5
6200	Administrative expenses	96,334	5	85,901	5
6300	Research and development expenses	51,473	3	37,961	3
	Total operating expenses	236,467	13	199,849	13
6900	**Net operating income**	580,489	31	489,192	30
7000	**Non-operating income and expenses (note 6(q)):**				
7010	Other income	37,666	2	18,646	1
7020	Other gains and losses	(23,651)	(1)	10,387	1
7050	Finance costs	(1,934)	-	(2,957)	-
	Total non-operating income and expenses	12,081	1	26,076	2
7900	**Profit before tax**	592,570	32	515,268	32
7951	**Less: Tax expenses (note 6(l))**	128,398	7	110,271	7
	Profit	464,172	25	404,997	25
8300	**Other comprehensive income (loss) (note 6(k)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,120	-	(2,605)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(26)	-	(91)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	1,094	-	(2,696)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss:**				
8361	Exchange differences on translation	(13,973)	(1)	17,494	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(13,973)	(1)	17,494	1
8300	**Other comprehensive income (loss), net**	(12,879)	(1)	14,798	1
	Comprehensive income	**$ 451,293**	**24**	**419,795**	**26**
	Profit, attributable to:				
	Profit, attributable to owners of parent	**$ 464,172**	**25**	**404,997**	**25**
	Comprehensive income, attributable to:				
	Comprehensive income, attributable to owners of parent	**$ 451,293**	**24**	**419,795**	**26**
9750	**Basic earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)**	**$**	**6.70**		**5.84**
9850	**Diluted earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)**	**$**	**6.67**		**5.81**

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	Attributable to owners of parent								
			Retained earnings			Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total equity
Balance at January 1, 2018	$ 692,983	315,168	253,010	-	882,074	(5,235)	-	(1,224)	2,136,776
Effects of retrospective application	-	-	-	-	-	-	(1,224)	1,224	-
Balance at January 1, 2018 after adjustments	692,983	315,168	253,010	-	882,074	(5,235)	(1,224)	-	2,136,776
Net income for the years ended December 31, 2018	-	-	-	-	404,997	-	-	-	404,997
Other comprehensive income for the years ended December 31, 2018	-	-	-	-	(2,605)	17,494	(91)	-	14,798
Total comprehensive income for the years ended December 31, 2018	-	-	-	-	402,392	17,494	(91)	-	419,795
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	30,394	-	(30,394)	-	-	-	-
Special reserve	-	-	-	6,459	(6,459)	-	-	-	-
Cash dividends	-	-	-	-	(242,544)	-	-	-	(242,544)
Balance at December 31, 2018	692,983	315,168	283,404	6,459	1,005,069	12,259	(1,315)	-	2,314,027
Net income for the years ended December 31, 2019	-	-	-	-	464,172	-	-	-	464,172
Other comprehensive income for the years ended December 31, 2019	-	-	-	-	1,120	(13,973)	(26)	-	(12,879)
Total comprehensive income for the years ended December 31, 2019	-	-	-	-	465,292	(13,973)	(26)	-	451,293
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	40,499	-	(40,499)	-	-	-	-
Special reserve	-	-	-	(6,459)	6,459	-	-	-	-
Cash dividends	-	-	-	-	(277,193)	-	-	-	(277,193)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,341)	-	1,341	-	-
Balance at December 31, 2019	**$ 692,983**	**315,168**	**323,903**	**-**	**1,157,787**	**(1,714)**	**-**	**-**	**2,488,127**

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(expressed in thousands of New Taiwan Dollars)

	2019	2018
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 592,570	515,268
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	93,337	81,595
Amortization expense	2,794	4,318
Net loss (gain) on financial assets at fair value through profit or loss	(1,602)	256
Interest expense	1,934	2,957
Interest income	(5,966)	(6,440)
Loss on disposal of property, plant and equipment	19,086	25
Total adjustments to reconcile profit	109,583	82,711
Changes in operating assets:		
Notes receivable	2,804	3,085
Accounts receivable	(7,920)	(18,209)
Inventories	13,456	(84,142)
Other current assets	(6,376)	1,385
Other financial assets	1,430	(508)
Total changes in operating assets	3,394	(98,389)
Changes in operating liabilities:		
Current contract liabilities	2,786	33,923
Notes payable	3,608	(5,390)
Accounts payable	(8,815)	21,451
Other payable	21,096	6,788
Net defined benefit liability	264	385
Other current liabilities	3,933	(21,181)
Total changes in operating liabilities	22,872	35,976
Total changes in operating assets and liabilities	26,266	(62,413)
Total adjustments	135,849	20,298
Cash inflow generated from operations	728,419	535,566
Interest received	6,795	5,946
Income taxes paid	(111,803)	(81,099)
Net cash flows generated from operating activities	623,411	460,413
Cash flows generated from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	211	-
Acquisition of financial assets at fair value through profit or loss	(124,062)	(120,431)
Proceeds from disposal of financial assets at fair value through profit or loss	123,217	118,312
Acquisition of property, plant and equipment	(82,665)	(29,066)
Proceeds from disposal of property, plant and equipment	-	107
Decrease (increase) in other non-current financial assets	16	(192)
Increase in other non-current assets	(6,374)	(3,199)
Increase in prepayments for business facilities	(56,730)	(78,673)
Increase (decrease) in payables on machinery and equipment	656	(3,537)
Net cash flows used in investing activities	(145,731)	(116,679)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	165,280	25,000
Decrease in short-term loans	(189,064)	(80,000)
Repayments of long-term borrowings	(36,062)	(37,715)
Decrease in guarantee deposits	(8)	-
Payment of lease liabilities	(4,880)	-
Cash dividend paid	(277,193)	(242,544)
Interest paid	(1,937)	(3,128)
Net cash flows used in financing activities	(343,864)	(338,387)
Effect of exchange rate changes on cash and cash equivalents	(5,821)	4,400
Net increase in cash and cash equivalents	127,995	9,747
Cash and cash equivalents at beginning of period	926,601	916,854
Cash and cash equivalents at end of period	$ 1,054,596	926,601

See accompanying notes to consolidated financial statements.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(1) Company history

Bioteque Corporation ("the Company") was incorporation in November, 1991 in accordance with The Company Act and the other related laws and regulations.

The Company's stock was listed on Taipei Exchange on March 4, 2002.

The business operation of the Company and its subsidiaries (together referred to as "the Group") are as follows:

(a) Manufacturing, trading and selling of the medical equipment and instruments.

(b) Reinvestment and monopoly investment in securities business.

Please refer to note 14 for the related information.

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

These consolidated financial statements were authorized for issue by the board of directors on March 11, 2020.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(j).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

● Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

— Applied a single discount rate to a portfolio of leases with similar characteristics.

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $71,080 thousands of right-of-use assets and $20,352 thousands of lease liabilities, recognising the difference from other non-current and current assets. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.02%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018	$ 6,337
Extension and termination options reasonably certain to be exercised	14,420
Discounted Interest expense	(405)
Lease liabilities recognized at January 1, 2019	**$ 20,352**

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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.

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect 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 instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities 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 entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group's controls' an entity when it its 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 control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2019**	**December 31, 2018**
The Company	BIOTEQUE MEDICAL CO., LTD.	Investment activities	100.00%	100.00%
The Company	CHUNGTEX INVESTMENT CO., LTD	Investment activities	100.00%	100.00%
The Company	BIOTEQUE MEDICAL PHIL. INC.	Manufacturing and Trading of Medical equipment	100.00%	100.00%
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Trading of Medical equipment	100.00%	100.00%

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group 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 following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group 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 Group 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.

(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.

An entity shall classify an asset as current when:

(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 noncurrent.

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

(g) Financial instruments

Trade receivables and debt securities issued 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) – equity investment; 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)

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.

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, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. 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.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

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

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 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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 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) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NT$ that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

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 obligations are discharged or cancelled, or expire. 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 extinguished and the consideration paid (including any non-cash assets transferred or liabilities 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 expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the 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 of property, plant and equipment for current and comparative periods are as follows:

1)	Building and structures	5~50 years
2)	Machinery and equipment	2~15 years
3)	Transportation equipment	5~10 years
4)	Office equipment	2~5 years
5)	Other equipment	2~10 years

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

(j) Leases

Applicable from January 1, 2019

(i) Identifying a lease

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

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

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

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

1) the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or

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

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

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

(ii) As a leasee

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 a extension or termination option; or

— there is any lease modifications

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

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

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

Applicable before January 1, 2019

Lease are operating lease and are not recognized in the Group's balance sheet. Payments made under operating leases (excluding insurance and maintenance expense) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) 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 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.

(l) Revenue

(i) Revenue from contracts with customers

1) 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.

a) Sale of goods

The Group manufactures and sells medical equipment. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer. 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.

b) 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:

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

—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

—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.

(m) 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 within equity. The Group determines the net interest expense on the net defined benefit liability 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. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

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

(n) 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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 that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they 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.

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.

(o) 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 potentially dilutive ordinary shares, such as employee bonus.

(p) Operating segments

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

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) 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 relevant assumptions and input values, please refer to note 6(d).

(b) 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. Refer to note 6(e) for further description of the valuation of inventories

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 670	509
Cash in bank	983,863	757,584
RP bills	70,063	168,508
Cash and cash equivalents in the consolidated statement of cash flows	**$ 1,054,596**	**926,601**

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

(b) Current financial assets at fair value through profit or loss

	December 31, 2019	December 31, 2018
Financial assets designated as at fair value through profit or loss:		
RP bills	$ 30,499	30,308
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Money market funds and bond funds	144,033	143,167
Stock listed on domestic markets	3,586	2,850
Total	**$ 178,118**	**176,325**

(i) For credit risk and market risk, please refer to note 6(r).

(ii) The financial assets of the Group were not collateralized.

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Equity investments at fair value though other comprehensive income:		
Stock listed on domestic markets	$ -	237

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities 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.

In the second quarter of 2019, the Group has disposed its equity investment at fair value through other comprehensive income for the purpose of investment management. The shares sold had a fair value of $211 thousand, wherein the Group realized a loss of $1,341 thousand, which was recognized as other comprehensive income; then later on, reclassified to retained earnings.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2018.

(ii) For credit risk and market risk, please refer to note 6(r).

(iii) The financial assets of the Group were not collateralized.

(d) Notes and trade receivables

	December 31, 2019	December 31, 2018
Notes receivable	$ 68,834	71,638
Trade receivables	218,958	211,038
Less: Loss allowance	-	-
	$ 287,792	282,676

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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision were determined as follows:

	December 31, 2019		
	Gross carrying amount	**Weighted- average loss rate**	**Loss allowance provision**
Current	$ 267,158	-	-
1 to 30 days past due	20,383	-	-
31 to 60 days past due	86	-	-
61 to 90 days past due	165	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	1.08%	-
151 to 180 days past due	-	8.71%	-
More than 181 days past due	-	100%	-
	$ 287,792		**-**

	December 31, 2018		
	Gross carrying amount	**Weighted- average loss rate**	**Loss allowance provision**
Current	$ 265,215	-	-
1 to 30 days past due	17,461	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	9.40%	-
151 to 180 days past due	-	20.86%	-
More than 181 days past due	-	100%	-
	$ 282,676		**-**

The notes and accounts receivables of the Group were not collateralized.

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

(e) Inventories

		December 31, 2019	December 31, 2018
Raw materials	$	151,400	169,502
Work in progress		54,982	55,222
Finished goods		47,030	37,501
Merchandise		2,430	3,057
Raw materials in transit		12,436	16,452
	$	**268,278**	**281,734**

Except for cost of goods sold and inventories recognized as operating cost, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

		2019	2018
Gains on physical inventory	$	(5,211)	(4,795)
Losses on valuation of inventories		1,777	500
	$	**(3,434)**	**(4,295)**

The inventories of the Group were not collateralized.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018 were as follows:

		Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:									
Balance at January 1, 2019	$	91,834	752,516	697,043	9,670	20,672	140,591	7,393	1,719,719
Additions		-	19,204	10,757	-	3,101	9,971	39,632	82,665
Disposals		-	(18,831)	(63)	-	(133)	(310)	-	(19,337)
Reclassification (Note)		-	1,492	43,347	-	1,080	9,681	(24,813)	30,787
Effect of changes in foreign exchange rates		-	(7,170)	(2,377)	(34)	(38)	(1,247)	(420)	(11,286)
Balance at December 31, 2019	$	91,834	747,211	748,707	9,636	24,682	158,686	21,792	1,802,548
Balance at January 1, 2018	$	91,834	733,352	676,379	9,066	19,570	114,377	6,738	1,651,316
Additions		-	2,530	4,847	-	1,058	13,406	7,225	29,066
Disposals		-	-	(660)	-	-	(81)	-	(741)
Reclassification (Note)		-	6,136	13,261	-	-	11,521	(6,706)	24,212
Effect of changes in foreign exchange rates		-	10,498	3,216	604	44	1,368	136	15,866
Balance at December 31, 2018	$	91,834	752,516	697,043	9,670	20,672	140,591	7,393	1,719,719
Accumulated depreciation and impairment loss:									
Balance at January 1, 2019	$	-	194,651	455,755	5,224	17,436	101,919	-	774,985
Depreciation		-	17,900	44,882	792	1,557	22,516	-	87,647
Disposals		-	(29)	(63)	-	(133)	(26)	-	(251)
Effect of changes in foreign exchange rates		-	(2,094)	(750)	(25)	(28)	(718)	-	(3,615)
Balance at December 31, 2019	$	-	210,428	499,824	5,991	18,832	123,691	-	858,766

	Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2018	$ -	174,326	412,932	4,318	16,252	84,380	-	692,208
Depreciation	-	19,689	42,833	882	1,161	17,030	-	81,595
Disposals	-	-	(568)	-	-	(41)	-	(609)
Effect of changes in foreign exchange rates	-	636	558	24	23	550	-	1,791
Balance at December 31, 2018	$ -	194,651	455,755	5,224	17,436	101,919	-	774,985
Carrying amounts:								
Balance at December 31, 2019	$ 91,834	536,783	248,883	3,645	5,850	34,995	21,792	943,782
Balance at January 1, 2018	$ 91,834	559,026	263,447	4,748	3,318	29,997	6,738	959,108
Balance at December 31, 2018	$ 91,834	557,865	241,288	4,446	3,236	38,672	7,393	944,734

(Note) Prepayments for business facilities were reclassified as property, plant and equipment.

As of December 31, 2019 and 2018, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to note 8.

(g) Right-of-use assets

The Group leases many assets including land and buildings. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings and structures	Total
Cost:			
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application	50,728	20,352	71,080
Effect of changes in foreign exchange rates	(1,058)	10	(1,048)
Balance at December 31, 2019	$ 49,670	20,362	70,032
Accumulated depreciation:			
Balance at January 1, 2019	$ -	-	-
Depreciation	734	4,956	5,690
Effect of changes in foreign exchange rates	(20)	(3)	(23)
Balance at December 31, 2019	$ 714	4,953	5,667
Carrying amount:			
Balance at December 31, 2019	$ 48,956	15,409	64,365

(h) Short-term and long-term borrowings

(i) Short-term borrowings

	December 31, 2019	December 31, 2018
Unsecured bank loans	$ -	25,000
Unused credit lines	$ 947,322	663,345
Range of interest rate	-	1%

(ii) Long-term borrowings

	December 31, 2019	December 31, 2018
Unsecured bank loans	$ 10,027	46,080
Less: Current portion	(10,027)	(35,840)
	$ -	10,240
Unused credit lines	$ 30,080	30,720
Range of interest rate	3.75%	3.75%~4.49%

Parts of the Group's long-term borrowings (included current portion) will be settled in foreign currency. The details of foreign long-term liabilities were as follows:

	December 31, 2019	December 31, 2018
USD (thousand dollars)	$ 333	1,500
Convert to NTD	$ 10,027	46,080

As of December 31, 2019, the remaining balance of the borrowing due were as follows:

Period	Amount
2020.01.01～2020.12.31	$ 10,027

For the collateral for borrowing, please refer to note 8.

(i) Lease liabilities

	December 31, 2019
Current	$ 4,933
Non-current	$ 10,549

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

There were no significant issues, repurchases and repayments of lease liabilities for the years ended December 31, 2019.

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 166

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

	2019
Total cash outflow for leases	$ 5,046

(i) Leases of land , buildings and structures

As of December 31, 2019, the Group leases land , buildings and structures for its office space and parking lot. The leases of office space typically run for a period of 2 to 6 years. Some leases include an option to renew the lease for an additional period of 2 to 3 years after the end of the contract term.

Some leases of equipment contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(j) Operating lease

Since July 15, 2013, the Group has leased land from Hermosa Industrial Zone in the Philippines, with a lease term of 50 years, which will expire on July 14, 2063. After the expiry date, it will be extended automatically for another 25 years, with the expiration date on July 14, 2088. The rental for 75 years amounted to PHP77,148 thousand (approximately 53,391 thousand), which has already been paid.

As of December 31, 2018, the amounts of the prepaid rent were $50,728 thousand , which recognized in other current assets of $730 thousand and in other non-current assets of $49,998 thousand , respectively.

The amounts of rental were as follows:

	2018
Operating costs	**$ 717**

(k) Employee benefits

(i) Defined benefit plans

Only the Company use the defined benefit plans.

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2019	**December 31, 2018**
Present value of the defined benefit obligations	$ 28,504	29,771
Fair value of plan assets	(19,262)	(19,673)
Net defined benefit liabilities	**$ 9,242**	**10,098**

The Group makes defined benefit plan contributions to the pension fund account in the 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 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 $19,262 thousand as of December 31, 2019. 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) The movement in present value of the defined benefit obligations

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

	2019	2018
Defined benefit obligations as of January 1	$ 29,771	25,694
Benefits paid	(2,086)	(382)
Current service costs and interest cost	1,350	1,407
Remeasurements loss (gains)	(531)	3,052
Defined benefit obligations as of December 31	**$ 28,504**	**29,771**

3) The movement in fair value of the defined benefit plan assets

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

	2019	2018
Fair value of plan assets as of January 1	$ 19,673	18,403
Amounts contributed to plan	880	943
Benefits paid	(2,086)	(382)
Interest revenue	206	262
Remeasurements gains (loss)	589	447
Fair value of plan assets as of December 31	**$ 19,262**	**19,673**

4) The expenses recognized in profit or losses

For the years ended December 31, 2019 and 2018, the expenses recognized in profit or losses for the Group were as follows:

	2019	2018
Current service costs	$ 1,035	1,054
Net interest of net defined benefit obligations	109	91
	$ 1,144	1,145

	2019	2018
Operating costs	$ 304	278
Operating expenses	840	867
	$ 1,144	1,145

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	2019	2018
Balance as of January1	$ (453)	2,152
Recognized in the current period	1,120	(2,605)
Balance as of December 31	$ 667	(453)

6) Actuarial assumptions

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

The defined benefit obligations:

	December 31, 2019	December 31, 2018
Discount rate	1.00%	1.13%
Future salary increase rate	1.50%	1.50%

Cost of the defined benefit plan assets:

	December 31, 2019	December 31, 2018
Discount rate	1.13%	1.38%
Future salary increase rate	1.50%	1.00%

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 $888 thousand. The weighted average lifetime of the defined benefit plans is 13.48 years.

7) Sensitivity analysis

When calculating the present of the defined benefit plan assets, the related actuarial assumptions at the reporting date, including the discount rate, the demission rate and the change of the future salary rate, are required to be judged and estimated.

As of December 31, 2019 and 2018, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
Balance as of December 31, 2019		
Discount rate	$ 849	(855)
Future salary increases rate	829	(799)
Balance as of December 31, 2018		
Discount rate	874	(912)
Future salary increases rate	890	(857)

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 2019 and 2018,.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $7,977 thousand and $7,739 thousand for the years ended December 31, 2019 and 2018, respectively.

(iii) The Group's subsidiaries incorporated in the Philippine have a defined contribution plan, Wherein a monthly contributions to an independent fund, administered by the government in accordance with the pension regulations in the Republic of the Philippine, are based on certain percentage of employees' monthly salaries and wages. For the years ended December 31, 2019 and 2018, the Group recognized the pension costs amounting to $159 thousand and $181 thousand, respectively, in accordance with the pension regulations.

(iv) Short-term benefit obligations

	December 31, 2019	December 31, 2019
Paid leave	$ 449	452

(l) Income taxes

(i) Income tax expense

The component of income tax were in the year 2019 and 2018 were as follows:

	2019	2018
Current tax expense		
Current period	$ 115,536	96,854
Adjustment for prior periods	(1,784)	(65)
	113,752	96,789
Deferred tax expense		
Origination and reversal of temporary differences	14,646	7,649
Adjustment in tax rate	-	5,833
	14,646	13,482
Income tax expenses	$ 128,398	110,271

Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows.

	2019	2018
Profit excluding income tax	$ 592,570	515,268
Income tax using the Company's domestic tax rate	$ 118,514	103,054
Adjustment in tax rate	-	5,833
Effect of tax rates in foreign jurisdiction	6,874	1,944
Adjustment for prior periods	(1,784)	(65)
Undistributed earnings additional tax	3,912	2,369
Other	882	(2,864)
Total	$ 128,398	110,271

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

Deferred tax assets:

	Allowance for obsolete inventories	Unrealized exchange losses	Others	Total
Balance as of January 1, 2019	$ 908	-	1,749	2,657
Recognized in profit or loss	(211)	1,631	16	1,436
Balance as of December 31, 2019	**$ 697**	**1,631**	**1,765**	**4,093**
Balance as of January 1, 2018	$ 687	812	1,567	3,066
Recognized in profit or loss	221	(812)	182	(409)
Balance as of December 31, 2018	**$ 908**	**-**	**1,749**	**2,657**

Deferred tax liabilities:

	Unrealized investment income recognized under equity method	Unrealized exchange losses	Total
Balance as of January 1, 2019	$ 50,976	545	51,521
Recognized in profit or loss	16,627	(545)	16,082
Balance as of December 31, 2019	**$ 67,603**	**-**	**67,603**
Balance as of January 1, 2018	$ 38,448	-	38,448
Recognized in profit or loss	12,528	545	13,073
Balance as of December 31, 2018	**$ 50,976**	**545**	**51,521**

(iii) The Company's income tax returns for the years through 2017 were assessed by the Taipei National Tax Administration.

(m) Capital and other equity

As of December 31, 2019 and 2018, the Company's authorized share capital consisted of $1,200,000 thousand shares of ordinary share, with $10 dollars par value per share, of which $69,298 thousand shares, was issued and outstanding. All issued shares were paid up upon issuance.

(i) Capital surplus

Balance of capital surplus at the reporting date were as follows:

	December 31, 2019	December 31, 2018
Share capital	**$ 315,168**	**315,168**

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, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the annual income or earnings, after deducting any accumulated deficit, shall be set aside as a legal reserve. When the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. The remaining balance, if any, shall be appropriated as special reserve or distributed as shareholders' equity, which is to be proposed by the board of directors during the shareholders' meeting for approval, in accordance with the relevant laws and regulations.

The Company's industry is in its development stage. In order to achieve its sustainable development goals, the Company is aggressively developing and introducing new products. Thus, the growth stage requires funds to further expand the Companys' production lines to facilitate the growth in a next few years. The Company planned to adopt the policy for equalization of dividends to be paid in shares or cash, which is more than 20%, in general. However, if there is a significant capital expenditure in the future (when the purchasing amount of fixed assets or the investment of production offshoring exceed 10% of the paid-in capital), all the cash dividend can be converted into shares, with the approval from the shareholders.

When the Board of Directors decides to distribute the dividend and if the Company's market price of common stock is lower than the par value from Over The Counter Market on the previous day, the cash dividend can be fully or partially paid.

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

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 18, 2019 and June 15, 2018, the shareholder's meeting resolved to distribute the 2018 and 2017 earnings. These earrings were appropriated as follows:

	2018		2017	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash of retained earnings	$ 4.00	$ 277,193	3.50	242,544

On March 11, 2020, the Company's Board of Directors resolved to appropriate the 2019 earnings. These earnings were appropriated as follows:

	2019	
	Amount per share	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 4.00	$ 277,193

(iii) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Total
Balance at January 1, 2019	$ 12,259	(1,315)	10,944
Exchange differences on foreign operations	(13,973)	-	(13,973)
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(26)	(26)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,341	1,341
Balance at December 31, 2019	$ (1,714)	-	(1,714)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2018	$ (5,235)	-	(1,224)	(6,459)
Effects of retrospective application	-	(1,224)	1,224	-
Balance at January 1, 2018 after adjustments	(5,235)	(1,224)	-	(6,459)
Exchange differences on foreign operations	17,494	-	-	17,494
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(91)	-	(91)
Balance at December 31, 2018	$ 12,259	(1,315)	-	10,944

(n) Earnings per share

The Company's earnings per share were calculated as follows:

(i) Basic earnings per share

		2019	2018
Profit attributable to ordinary shareholders of the Company	$	464,172	404,997
Weighted-average number of ordinary shares		69,298	69,298
Basic earnings per share (express in New Taiwan Dollar)	$	6.70	5.84

(ii) Diluted earnings per share

		2019	2018
Profit attributable to ordinary shareholders of the Company	$	464,172	404,997
Weighted-average number of ordinary shares (basic)		69,298	69,298
Effect of employee remuneration (in thousands)		305	350
Weighted-average number of ordinary shares (diluted)		69,603	69,648
Diluted earnings per share (express in New Taiwan Dollar)	$	6.67	5.81

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

		2019	2018
Primary geographical markets:			
Asia	$	846,252	713,908
South America		196,447	196,787
North America		263,842	193,396
Others		552,359	508,918
Total	$	1,858,900	1,613,009
Major products service lines:			
Manufacturing, trading and selling of medical equipment	$	1,858,900	1,613,009

(ii) Contract balances

		December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable	$	287,792	282,676	267,552
Less: allowance for impairment		-	-	-
Total	$	287,792	282,676	267,552
Current contract liabilities	$	36,709	33,923	15,755

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $31,975 thousand and $13,389 thousand, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(p) Remuneration to employees, directors and supervisors

According to the Article of Association, once the Company has annual profit, it should appropriate no less than 5% of the profit to its employees and 1.6% or less to its directors and supervisors.

The amount of employee remuneration, and directors' and supervisors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Association. The above remuneration were included in the operating expenses of the years ended December 31, 2019 and 2018. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the year ended December 31, 2019 and 2018 the Company accrued and recognized its employee remuneration amounting to $31,389 and $27,440 thousand, respectively; and its directors'and supervisors' remuneration amounting to $10,045 and $8,781 thousand, respectively. There was no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(q) Non-operating income and expenses

(i) Other income

		2019	2018
Interest income:			
Interest income from RP bills	$	4,190	3,969
Interest income from funds		359	356
Interest income from deposit		12	11
Interest income from bank deposit			
		1,405	2,104
		5,966	6,440
Subsidy revenue		7,431	6,823
Compensation income		19,139	598
Others		5,130	4,785
	$	**37,666**	**18,646**

(ii) Other gains and losses

	2019	2018
Foreign exchange gains (losses)	$ (7,119)	11,443
Gains (losses) on financial assets at fair value through profit or loss	1,602	(256)
Gains (losses) on disposal of property plant and equipment	(19,086)	(25)
Others	952	(775)
	$ (23,651)	**10,387**

(iii) Finance costs

	2019	2018
Interest expense on bank borrowings	$ (1,768)	(2,957)
Interest expense on lease liabilities	(166)	-
	$ (1,934)	**(2,957)**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

If the transactions of the financial instruments are significantly concentrated within certain counterparties, or if the counterparties with similar business activities and economic characteristics are not significantly concentrated within certain counterparties, the concentration of credit risk is highly probable. As of December 31, 2019 and 2018, 33% and 30%, respectively, of notes and accounts receivable were from two major customers.

	Amount	Percentage of the company's trade receivables
December 31, 2019		
C Company	$ 59,150	21
F Company	33,370	12
	$ 92,520	**33**
December 31, 2018		
C Company	$ 52,251	18
F Company	35,214	12
	$ 87,465	**30**

3) Receivables securities

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

Other financial assets at amortized costs includes other receivables. The above financial assets are considered to have low risk, and the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low risk, please refer to note 4(g).

For the years ended December 31, 2019 and 2018, the impairment loss are not recognized and reserved.

(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, 2019							
Non-derivative financial liabilities							
Long-term liabilities, current portion	$	10,027	10,403	10,403	-	-	-
Notes payable		41,415	41,415	41,415	-	-	-
Accounts payable		66,441	66,441	66,441	-	-	-
Other payables		45,733	45,733	45,733	-	-	-
Payables on machinery and equipment		6,597	6,597	6,597	-	-	-
Lease liabilities (current and non- current)		15,482	15,721	5,062	4,811	5,848	-
	$	185,695	186,310	175,651	4,811	5,848	-
December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowing	$	25,000	25,125	25,125	-	-	-
Long-term liabilities, current portion		35,840	37,681	37,681	-	-	-
Notes payable		37,807	37,807	37,807	-	-	-
Accounts payable		75,256	75,256	75,256	-	-	-
Other payables		35,634	35,634	35,634	-	-	-
Payables on machinery and equipment		5,941	5,941	5,941	-	-	-
Long-term borrowings		10,240	10,624	-	10,624	-	-
	$	225,718	228,068	217,444	10,624	-	-

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

(iii) Market risk

1) Currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 12,916	30.08	388,519	14,218	30.72	436,778
EUR	2,058	33.74	69,435	1,196	35.24	42,159
JPY	85,378	0.2772	23,662	54,721	0.2786	15,242
PHP	16,610	0.6080	10,099	53,363	0.5990	31,964
CNY	14,377	4.321	62,121	13,352	4.473	59,725
Investments accounted for using equity method						
USD	20,423	30.08	614,311	18,224	30.72	559,855
PHP	26,031	0.6080	15,827	11,833	0.5990	7,088
Financial liabilities						
Monetary items						
USD	1,700	30.08	51,127	1,044	30.72	32,068
EUR	163	33.74	5,493	296	35.24	10,414
JPY	35,677	0.2772	9,888	43,942	0.2786	12,240
PHP	20,257	0.6080	12,316	27,482	0.5990	16,462

The Group's exposure to foreign currency risk arise from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the foreign currency for the years ended December 31, 2019 and 2018 would have increased (decreased), the net profit before tax by $4,750 thousand $5,147 thousand, respectively. The analysis is performed on the same basis for 2018.

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 ended December 31, 2019 and 2018, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(7,119) thousand $11,443 thousand, respectively.

2) 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 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 1% 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 1% basic points the Group's net profit before tax would have decreased / increased by $100 thousand $711 thousand for the years ended December 31, 2019 and 2018 with all other variable factors remain constant. This is mainly due to the Group's borrowing at floating rates.

3) Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyzes for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net profit before tax**	**Other comprehensive income before tax**	**Net profit before tax**
Increasing 1%	$ -	36	2	29
Decreasing 1%	$ -	(36)	(2)	(29)

(iv) Fair value of financial instruments

1) Fair value hierarchy

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, 2019				
		Fair value			
	Bok value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 147,619	147,619	-	-	147,619
Designated at fair value through profit or loss	30,499	30,499	-	-	30,499
Subtotal	178,118	178,118	-	-	178,118
Financial assets measured at amortized cost					
Cash and cash equivalents	1,054,596	-	-	-	-
Notes and accounts receivables	287,792	-	-	-	-
Other financial assets	2,469	-	-	-	-
Subtotal	1,344,857	-	-	-	-
Total	$ 1,522,975	178,118	-	-	178,118
Financial liabilities measured at amortized cost					
Long-term liabilities, current portion	$ 10,027	-	-	-	-
Notes and accounts payables	107,856	-	-	-	-
Other payable	45,733	-	-	-	-
Payables on machinery and equipment	6,597	-	-	-	-
Lease liabilities (current and non-current)	15,482				
Total	$ 185,695	-	-	-	-

	December 31, 2018				
		Fair value			
	Bok value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 146,017	146,017	-	-	146,017
Designated at fair value through profit or loss	30,308	30,308	-	-	30,308
Subtotal	176,325	176,325	-	-	176,325
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	237	237	-	-	237
Financial assets measured at amortized cost					
Cash and cash equivalents	926,601	-	-	-	-
Notes and accounts receivables	282,676	-	-	-	-
Other financial assets	3,915	-	-	-	-
Subtotal	1,213,192	-	-	-	-
Total	**$ 1,389,754**	**176,562**	**-**	**-**	**176,562**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 25,000	-	-	-	-
Long-term liabilities, current portion	35,840	-	-	-	-
Notes and accounts payables	113,063	-	-	-	-
Other payable	35,634	-	-	-	-
Payables on machinery and equipment	5,941	-	-	-	-
Long-term borrowings	10,240	-	-	-	-
Total	**$ 225,718**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

When the financial instruments of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

The fair value of listed stocks and funds traded in an active market is based on the market quoted price.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market date at the reporting date.

3) Categories and fair values of financial instruments

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the years ended December 31, 2019 and 2018, there were no change on the fair value hierarchy of financial asset.

(s) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board chairman and general manager are responsible for developing and monitoring the Group's risk management policies. Also they report regularly to the Board of Directors on the activities performed by Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set and monitor appropriate risk limits and controls, to ensure they are adhered to accordingly. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors ensures that the supervision of the management is in compliance with the Group's risk management policies and procedures, as well as reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of the Company is assisted in its oversight role by an Internal Audit, wherein the Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, in which the results are to be reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Group's exposure to credit risk is mainly influenced by its individual customer's condition. The management also assess the statistical information based on the Group's customers, including the default risk of the customer's industry and nation, which have the factors to influence the Group's credit risk. For the years ended December 31, 2019 and 2018, the Group's accounts receivable were not concentrated in any geographical location, therefore, there were no concentration of credit risks.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed periodically.

The Group sets the allowance for its doubtful accounts to reflect the estimated loss of its trade and other receivables, as well as its investments. The major component of the allowance account contains individually significant exposure related to specific losses. Also, the component includes the losses on similar asset groups that have occurred but not yet identified.

The allowance for doubtful account is based on statistical information of historical payment of the similar 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 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) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2019, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2019 and 2018, the Group's unused credit line were amounted to $977,402 thousand and $694,065 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. In order to manage and control the foreign exchange rates, the Group will maintain a certain limit of the net portion of the foreign currency.

The Group designates the stocks listed on domestic markets and bond funds which are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively; and therefore, the valuation of equity prices will fluctuate according to the changes in market prices. To manage the market risk, the Group transacts with securities trusts institutions with good credit ratings and estimates the equity price risk of its equity instruments through a professional manager.

The Group is exposed to interest risk on the fair value of its financial asset and financial liabilities due to deposit in bank and bank loans. The changes in interest risk on these financial instruments have no significant impact on the fair value.

(t) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors and market, and to sustain future development of the business. The Group 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. The Group's debt-to-equity ratio at the end of the reporting period as of 31 December 2019 and 2018, is as follows:

		December 31, 2019	December 31, 2018
Total liabilities	$	452,371	457,515
Less: cash and cash equivalents		1,054,596	926,601
Net liabilities (assets)	**$**	**(602,225)**	**(469,086)**
Total equity	**$**	**1,855,902**	**1,844,941**
		(32)%	**(25)%**

The Group's debt-to-equity ratio doesn't change significantly as of December 31, 2019.

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

The Group's financial activities which did not affect the current cash flow for the years ended December 31, 2019 and 2018, were as follows:

		January 1, 2019	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2019
Short-term borrowings	$	25,000	(23,784)	(1,216)	-
Long-term borrowings (including current portion)		46,080	(36,062)	9	10,027
Lease liabilities (current and non- current)		20,352	(4,880)	10	15,482
Total liabilities from financial activities	**$**	**91,432**	**(64,726)**	**(1,197)**	**25,509**

		January 1, 2018	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2018
Long-term borrowings (including current portion)	$	81,895	(37,715)	1,900	46,080
Total liabilities from financial activities	**$**	**81,895**	**(37,715)**	**1,900**	**46,080**

(7) Related-parties transactions:

(a) Names and relationship with related parties

Due to the absence of any transaction with related parties during the periods covered in the consolidated financial statements, the name and relationships of related parties have not been disclosed.

(b) Significant transactions with related parties: None.

(c) Key management personnel compensation

Key management personnel compensation were comprised as below:

	2019	2018
Short-term employee benefits	$ 25,156	21,788
Post-employment benefits	509	509
	$ 25,665	22,297

(8) Pledged assets:

Pledged assets	Object	December 31, 2019	December 31, 2018
Other current financial assets:			
Restricted bank deposit	Purchase guarantee	$ 601	601
Property, plant and equipment			
Land	Credit of short-term borrowings	91,834	91,834
Buildings and structures	Credit of short-term borrowings	183,816	191,729
Machinery and equipment	Credit of short-term borrowings	11,322	19,367
		$ 287,573	303,531

(9) Commitments and contingencies:

(a) Contingencies

In prior years, the Group entered into the license agreement which has expired with a supplier. On July 5, 2018, the supplier filed a complaint which has not completed accusing the Group. The Group assess there is no the significant impact on its consolidated financial statements.

(b) Notes issued as guarantee

	December 31, 2019	December 31, 2018
Long and short term borrowings	$ 832,160	743,600

(c) The agreements for expansion of the factory and purchases of machinery and equipment

	December 31, 2019	December 31, 2018
Total contract price	$ 173,832	140,761
Paid amount	$ 136,056	77,348

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By function / By item	2019			2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	206,628	95,697	302,325	183,600	90,928	274,528
Labor and health insurance	15,600	5,548	21,148	14,493	5,186	19,679
Pension	6,030	3,250	9,280	5,806	3,259	9,065
Remuneration of directors	-	7,725	7,725	-	6,537	6,537
Others	9,498	3,704	13,202	8,630	3,665	12,295
Depreciation	84,697	8,640	93,337	77,963	3,632	81,595
Amortization	953	1,841	2,794	2,026	2,292	4,318

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2019 :

(i) Leading to other parties:

(In thousands of dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Amount of used loan facilities (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	Accounts receivable from related parties	Yes	216,230 (USD 7,000)	120,320 (USD 4,000)	120,320 (USD 4,000)	2%	2	-	Working Capital	-	None	-	261,400 (Note 2)	261,400 (Note 2)

Note 1: Purposes of lending were as follows:

1. Business relationship

2. Short-term financing

Note 2: For entities in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the net worth of the borrower.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of dollars)

Number	Name of guarantor	Counter-party of guarantee and endorsement Name	Counter-party of guarantee and endorsement Relationship with the Company (Note 3)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
1	The Company	BIOTEQUE MEDICAL CO., LTD.	4	207,894	30,810 (USD 1,000)	-	-	-	- %	339,561	Y	N	N
2	The Company	BIOTEQUE MEDICAL PHIL. INC.	4	207,894	205,400 (USD 6,500)	120,320 (USD 4,000)	10,027 (USD 333)	-	4.84%	339,561	Y	N	N

Note 1: The total amount for the guarantees and endorsements provided by the Company to external entities shall not exceed 49% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to external entities shall not exceed 49% of the Company's net worth.

Note 2: The total amount for the guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth.

Note 3: Relationship with the Company

1. Ordinary business relationship.

2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.

3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.

4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.

5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.

6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest	Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership (%)	
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	641	10,379	-	10,379	-	
〃	Yuanta Wan Tai Money Market Fund	〃	〃	2,497	37,964	-	37,964	-	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	2,992	31,059	-	31,059	-	
〃	Mega Diamond Money Market Fund	〃	〃	2,894	36,433	-	36,433	-	
〃	Paradigm Pion Money Market Fund	〃	〃	1,970	22,848	-	22,848	-	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY,LTD.	〃	Current financial assets at fair value through profit or loss	34	951	-	951	-	
〃	China Steel Corporation	〃	〃	11	262	-	262	-	
〃	UNITED MICROELECTRONICS CORP.	〃	〃	10	165	-	165	-	
〃	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	-	3	-	3	-	
〃	CHANG HWA CONNERCIAL BANK., LTD.	〃	〃	32	722	-	722	-	
〃	TAISHIN FINANCIAL HOLDING CO., LTD.	〃	〃	65	944	-	944	-	
〃	EXCELSIOR MEDICAL CO., LTD	〃	〃	10	539	-	539	-	
〃	PineBridge Emerging Market Corporate Strategy Bond Fund B	〃	〃	378	3,160	-	3,160	-	
〃	Fuh Hwa Emerging Market High Yield Bond Fund B	〃	〃	412	2,190	-	2,190	-	
BIOTEQUE MEDICAL CO., LTD	Bonds with a rating of BBB-or better by the standard & poor's	〃	〃	-	30,499	-	30,499	-	

Note: If there are public markets prices, the fair value shall be evaluated by the last operating date of the accounting duration.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	BIOTEQUE MEDICAL PHIL. INC.	Subsidiary	249,875	1.71	-	-	27,256	-

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2019:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Account receivables	189,395	OA 270	6.44%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Processing costs	61,134	There is no significant difference from translation terms with non-related parties.	3.29%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Other receivables	60,480	OA 270	2.06%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Account payables	28,417	OA 30	0.97%
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	3	Other receivables	120,320	2%	4.09%

Note 1: Company numbering as follows:

Parent company－0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary－1

Subsidiary to parent company－2

Subsidiary to subsidiary－3

Note 3: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(b) Information on investees:

The following are the information on investees for the year ended December 31, 2019 (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, 2019			Highest Percentage of ownership	Net income (losses) of investee	Share of profits (losses) of investee	Remark
				December 31, 2019	December 31, 2018	Shares (in thousands)	Percentage of ownership	Carrying value				
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	16,349	16,349	500	100.00%	261,400	100.00%	3,553	3,553	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00%		100.00%	1,269	1,269	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	299,315	4,481	100.00%	352,911	100.00%	70,034	70,034	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00%	15,827	100.00%	8,695	8,695	Investment through subsidiary

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(c) Information on investment in Mainland China: None.

(14) Segment information:

(a) General information

(i) The Group's reportable segments were as follows:

1) Segment A: manufacturing medical disposables for hemodialysis use, and selling them to global dealers and retailers.

2) Segment B: manufacturing and selling catheters for healthcare and medical PVC IV bag to medical organizations.

3) Segment C: manufacturing and selling medical key components and inner catheters to medical organization.

4) Other Segment: BIOTEQUE MEDICAL CO., LTD., CHUNGTEX INVESTMENT CO., LTD., BIOTEQUE MEDICAL PHIL. INC., and BONTEQ MEDICAL DISTRIBUTION PHIL. INC sell their products and related parts to non-continuous customers who are engaged in investment and securities.

The reportable segments are the Group's divisions which provide different products and services, and are managed separately because they require different technology and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

Taxation, as well as profit and loss, incurred from extraordinary activities can not be allocated to each reportable segments. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The profits or losses of the Group's operating segments are measured by the pre-tax operating profits or losses, which is regarded as the base on the performance. The Group treated intersegment sales and transfers as third-party transactions. They are measured by cost markups.

The Group's operating segment information and reconciliation were as follows:

	years ended December 31, 2019					
	Segment A	**Segment B**	**Segment C**	**Other Segment**	**Reconciliation and elimination**	**Total**
Revenue:						
Revenue from external customers	$ 792,711	322,429	728,869	14,891	-	1,858,900
Intersegment revenue	-	23,219	-	-	(23,219)	-
Interest received	-	-	-	5,966	-	5,966
Total revenue	**$ 792,711**	**345,648**	**728,869**	**20,857**	**(23,219)**	**1,864,866**
Interest expense	**$ -**	**-**	**-**	**1,934**	**-**	**1,934**
Depreciation and amortization	**$ 18,176**	**33,359**	**8,099**	**41,676**	**(5,179)**	**96,131**

Reporting segment profit or loss	$ 137,858	84,387	359,549	10,776	-	592,570

	years ended December 31, 2018						
		Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers	$	698,064	290,773	610,537	13,635	-	1,613,009
Intersegment revenue		-	22,473	-	-	(22,473)	-
Interest received		-	-	-	6,440	-	6,440
Total revenue	$	698,064	313,246	610,537	20,075	(22,473)	1,619,449
Interest expense	$	-	-	-	2,957	-	2,957
Depreciation and amortization	$	18,030	32,101	7,293	33,375	(4,886)	85,913
Reporting segment profit or loss	$	118,621	77,059	298,770	20,818	-	515,268

The material reconciling items of the above reportable segment as below:

Total reportable segment revenue after deducting the intersegment revenue was $23,219 thousand and $22,473 thousand dollars in 2019 and 2018, respectively.

(c) Enterprise Overall Information

(i) Product and service information

Revenue from the external customers of the Group was as follows:

Products and service		2019	2018
Bloodline Tube	$	510,030	412,725
Catheters of TPU		406,687	329,361
IV Bag		277,636	254,472
AVF Needle		172,179	156,596
Surgical Tubing		170,540	147,746
Components		109,224	112,390
Catheters of Cardiovascular		100,179	92,886
Others		112,425	106,833
	$	1,858,900	1,613,009

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Region		2019	2018
Asia	$	846,252	713,908
South America		196,447	196,787
North America		263,842	193,396
Other courtiers		552,359	508,918
	$	1,858,900	1,613,009

Non-current assets:

Region	2019	2018
Taiwan	$ 622,062	616,150
Philippines	496,558	459,532
	$ 1,118,620	**1,075,682**

(d) Major customers

	2019	2018
The Group’s total revenue from segment A:		
C company	$ 173,018	170,378
F company	126,137	125,538
	$ 299,155	**295,916**

Appendix B

Independent Auditors' Report And 2019 Parent-Company-Only Financial Statements

Independent Auditors' Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the financial statements of Bioteque Corporation("the Company"), which comprise the balance sheet as of December 31, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Provision for impairment of accounts receivable

   Please refer to Note 4(f) "Financial instruments" for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the financial statements, and Note 6(d) for the illustration of the impairment of accounts receivable.

   The Company engages in manufacturing and selling the medical device. As of December 31, 2019, the amount of the accounts receivable is $204,466 thousand. The recovery ability of amounts due is concerned by the Managements' judgment. Consequently, the assessment of accounts receivable has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: Obtaining the calculation of expected credit loss (ECL) on trade receivable, and assessing the appropriateness of ECL; examining the aging of trade receivables to verify the accuracy of the ageing period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL.

2. Evaluation of inventories

Please refer to Note 4(g) “inventories” for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the consolidated financial statements, and Note 6(e) for the illustration of the evaluation of inventories.

The Company engage in manufacturing the medical device. As of December 31, 2019, the amount of the inventories is $190,222 thousand. Since the loss on valuation of inventories and obsolescence is based on the Managements’ judgment. Consequently, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: Understanding the estimations of inventories at net realizable value by referring to their original transaction documents to test their accuracy. Accessing the inventory aging report and analyzing the aging of the inventories. Moreover, reviewing whether the valuation and the related information of the inventories are disclosed appropriately.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 supervisors) are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2020

Notes to Readers

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

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

BIOTEQUE CORPORATION

Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 795,428	27	736,744	27
1110	Current financial assets at fair value through profit or loss (note 6(b))	138,683	5	137,938	5
1150	Notes receivable, net (notes 6(d) and (o))	62,182	2	65,953	3
1170	Accounts receivable, net (notes 6(d) and (o))	204,466	7	194,199	7
1180	Accounts receivable—related parties, net (notes 6(d), (o) and 7)	191,156	7	158,683	6
1210	Other receivables—related parties (note 7)	60,534	2	13,311	-
130X	Inventories (note 6(e))	190,222	6	196,097	7
1476	Other current financial assets (note 8)	963	-	1,801	-
1479	Other current assets	37,654	1	16,764	1
	Total current assets	1,681,288	57	1,521,490	56
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	237	-
1550	Investments accounted for using equity method (notes 6(f) and 7)	644,247	22	588,522	21
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	506,384	17	536,449	20
1755	Right-of-use assets (note 6(h))	15,016	1	-	-
1840	Deferred tax assets (note 6(l))	4,093	-	2,657	-
1915	Prepayments for business facilities (note 9)	94,625	3	77,348	3
1980	Other non-current financial assets	1,195	-	1,216	-
1995	Other non-current assets	6,037	-	2,353	-
	Total non-current assets	1,271,597	43	1,208,782	44
	Total assets	$ 2,952,885	100	2,730,272	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(i) and 8)	$ -	-	25,000	1
2130	Current contract liabilities (note 6(o))	36,658	1	33,882	1
2150	Notes payable	39,808	1	37,726	1
2170	Accounts payable	66,441	2	75,147	3
2180	Accounts payable—related parties (note 7)	28,417	1	17,566	1
2209	Other payables (including related parties) (notes 6(k), (p) and 7)	117,373	4	95,315	4
2213	Payable on machinery and equipment	4,712	-	5,941	-
2230	Current tax liabilities	61,446	3	60,936	2
2280	Current lease liabilities (note 6(j))	4,609	-	-	-
2399	Other current liabilities	17,985	1	3,113	-
	Total current liabilities	377,449	13	354,626	13
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(l))	67,603	3	51,521	2
2580	Non-current lease liabilities (note 6(j))	10,464	-	-	-
2640	Net defined benefit liability, non-current (note 6(k))	9,242	-	10,098	-
	Total non-current liabilities	87,309	3	61,619	2
	Total liabilities	464,758	16	416,245	15
	Equity (notes 6(k) and (m)):				
3100	Ordinary shares	692,983	23	692,983	25
3200	Capital surplus	315,168	11	315,168	12
	Retained earnings:				
3310	Legal reserve	323,903	11	283,404	11
3320	Special reserve	-	-	6,459	-
3350	Unappropriated retained earnings	1,157,787	39	1,005,069	37
		1,481,690	50	1,294,932	48
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	(1,714)	-	12,259	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	(1,315)	-
		(1,714)	-	10,944	-
	Total equity	2,488,127	84	2,314,027	85
	Total liabilities and equity	$ 2,952,885	100	2,730,272	100

See accompanying notes to parent-company-only financial statements.

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

BIOTEQUE CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(o) and 7)**	$ 1,692,919	100	1,518,118	100
5000	**Operating costs (notes 6(e), (g), (k) and 12)**	979,716	58	896,928	59
5900	**Gross profit from operations**	713,203	42	621,190	41
5910	Less: Unrealized profit from sales	10,160	-	3,038	-
	Net gross profit	703,043	42	618,152	41
6000	**Operating expenses (notes 6(g), (h), (k), (p), 7 and 12):**				
6100	Selling expenses	71,637	4	68,183	4
6200	Administrative expenses	77,938	5	72,427	5
6300	Research and development expenses	51,473	3	37,961	3
	Total operating expenses	201,048	12	178,571	12
6900	**Net operating income**	501,995	30	439,581	29
7000	**Non-operating income and expenses (notes 6(q) and 7):**				
7010	Other income	14,683	1	15,383	1
7020	Other gains and losses	(4,766)	-	17,064	1
7050	Finance costs	(418)	-	(699)	-
7375	Share of profit of subsidiaries for using equity method	74,856	4	41,242	3
	Profit from continuing operations before tax	586,350	35	512,571	34
7950	**Less: Income tax expenses (note 6(l))**	122,178	7	107,574	7
	Profit	464,172	28	404,997	27
8300	**Other comprehensive income (note 6(k)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,120	-	(2,605)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(26)	-	(91)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	1,094	-	(2,696)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method	(13,973)	(1)	17,494	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(13,973)	(1)	17,494	1
8300	**Other comprehensive income (after tax)**	(12,879)	(1)	14,798	1
8500	**Total comprehensive income**	$ 451,293	27	419,795	28
9750	**Basic earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)**	$	6.70		5.84
9850	**Diluted earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)**	$	6.67		5.81

See accompanying notes to parent-company-only financial statements.

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

BIOTEQUE CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total equity
Balance at January 1, 2018	$ 692,983	315,168	253,010	-	882,074	(5,235)	-	(1,224)	2,136,776
Effects of retrospective application	-	-	-	-	-	-	(1,224)	1,224	-
Balance at January 1, 2018 after adjustments	692,983	315,168	253,010	-	882,074	(5,235)	(1,224)	-	2,136,776
Net income for the years ended December 31, 2018	-	-	-	-	404,997	-	-	-	404,997
Other comprehensive income for the years ended December 31, 2018	-	-	-	-	(2,605)	17,494	(91)	-	14,798
Total comprehensive income for the years ended December 31, 2018	-	-	-	-	402,392	17,494	(91)	-	419,795
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	30,394	-	(30,394)	-	-	-	-
Special reserve	-	-	-	6,459	(6,459)	-	-	-	-
Cash dividends	-	-	-	-	(242,544)	-	-	-	(242,544)
Balance at December 31, 2018	692,983	315,168	283,404	6,459	1,005,069	12,259	(1,315)	-	2,314,027
Net income for the years ended December 31, 2019	-	-	-	-	464,172	-	-	-	464,172
Other comprehensive income for the years ended December 31, 2019	-	-	-	-	1,120	(13,973)	(26)	-	(12,879)
Total comprehensive income for the years ended December 31, 2019	-	-	-	-	465,292	(13,973)	(26)	-	451,293
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	40,499	-	(40,499)	-	-	-	-
Special reserve	-	-	-	(6,459)	6,459	-	-	-	-
Cash dividends	-	-	-	-	(277,193)	-	-	-	(277,193)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,341)	-	1,341	-	-
Balance at December 31, 2019	**$ 692,983**	**315,168**	**323,903**	**-**	**1,157,787**	**(1,714)**	**-**	**-**	**2,488,127**

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

BIOTEQUE CORPORATION

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	2019	2018
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 586,350	512,571
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	68,978	60,864
Amortization expense	2,713	4,228
Unrealized profit from sales	10,160	3,038
Net gain on financial assets at fair value through profit or loss	(745)	(604)
Interest expense	418	699
Interest income	(2,380)	(3,274)
Share of profit of subsidiaries for using equity method	(74,856)	(41,242)
Gain on disposal of property, plant and equipment	(5,002)	(4,824)
Total adjustments to reconcile profit	(714)	18,885
Changes in operating assets:		
Notes receivable	3,771	2,898
Accounts receivable	(10,267)	(16,315)
Accounts receivable—related parties	(32,473)	(60,842)
Other receivable—related parties	(46,795)	8,983
Inventories	5,875	(44,162)
Other current assets	(20,890)	3,348
Other financial assets—current	120	(422)
Total changes in operating assets	(100,659)	(106,512)
Changes in operating liabilities:		
Current contract liabilities	2,776	33,882
Notes payable	2,082	(5,392)
Accounts payable	(8,706)	23,317
Accounts payable—related parties	10,851	(7,024)
Other payable	21,017	5,625
Other payable—related parties	1,069	16
Other current liabilities	14,872	(22,653)
Net defined benefit liability	264	202
Total changes in operating liabilities	44,225	27,973
Total changes in operating assets and liabilities	(56,434)	(78,539)
Total adjustments	(57,148)	(59,654)
Cash inflow generated from operations	529,202	452,917
Interest received	3,098	2,596
Income taxes paid	(107,022)	(79,186)
Net cash flows generated from operating activities	425,278	376,327
Cash flows generated from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	211	-
Acquisition of investments accounted for using equity method	-	(68,420)
Acquisition of property, plant and equipment	(12,285)	(15,432)
Proceeds from disposal of property, plant and equipment	3,591	955
Increase in other receivable due from related parties	(428)	-
Decrease (increase) in other non-current financial assets	21	(182)
(Increase) decrease in other non-current assets	(6,397)	66,079
Increase in prepayments for business facilities	(42,857)	(77,530)
Decrease in payables on machinery and equipment	(1,229)	(3,443)
Dividends received	-	170
Net cash flows used in investing activities	(59,373)	(97,803)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	140,000	25,000
Decrease in short-term loans	(165,000)	(80,000)
Payment of lease liabilities	(4,582)	-
Cash dividends paid	(277,193)	(242,544)
Interest paid	(446)	(691)
Net cash flows used in financing activities	(307,221)	(298,235)
Net increase in cash and cash equivalents	58,684	(19,711)
Cash and cash equivalents at beginning of period	736,744	756,455

See accompanying notes to parent-company-only financial statements.

Cash and cash equivalents at end of period	**$ 795,428**	**736,744**

See accompanying notes to parent-company-only financial statements.

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Bioteque Corporation ("the Company") was incorporation in November, 1991 in accordance with The Company Act and the other related laws and regulations.

The business operations of the Company are manufacturing, trading and selling of the medical equipment and instruments.

The Company's stock was listed on Taipei Exchange on March 4, 2020.

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

These parent-company-only financial statements were authorized for issue by the board of directors on March 11, 2020.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(j).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other lease.

  In addition, the Company used the following practical expedients when applying IFRS 16 to leases.

  — Applied a single discount rate to a portfolio of leases with similar characteristics.

  — Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

  — Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Company recognized additional $19,655 thousands of right-of-use assets and the lease liabilities, respectively. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 0.91%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018	$ 5,608
Extension and termination options reasonably certain to be exercised	14,420
Discounted Interest expense	(373)
Lease liabilities recognized at January 1, 2019	**$ 19,655**

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its financial statements.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These parent-company-only 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

Expect for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liability is 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 is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company 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 following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(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 non-current.

An entity shall classify a liability as currency when:

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits., Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which 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 and debt securities issued 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.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(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)– equity investment; 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.

2) Fair value through other comprehensive income (FVOCI)

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.

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, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. 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.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

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

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

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

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

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

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

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Notes to the Parent-Company-Only Financial Statements

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due.

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

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

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

ECL is 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 is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset 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 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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.

(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) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

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Notes to the Parent-Company-Only Financial Statements

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

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.

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 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.

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Notes to the Parent-Company-Only Financial Statements

(h) Investment in associates

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(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.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings and structures	5~50 years
2)	Machinery and equipment	2~15 years

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Notes to the Parent-Company-Only Financial Statements

3)	Transportation equipment	5~10 years

4) Office equipment 2~5 years

5) Other equipment 2~5 years

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

(j) Lease

Applicable from January 1, 2019

(i) Identifying a lease

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

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

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

— the Company has the right to direct the use of the asset throughout the period of use only if either:

1) the Company has the right to direct how and for what purpose the asset is used throughout the period of use; or

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

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

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

(ii) As a leasee

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

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

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

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

—fixed payments, including in-substance fixed payments;

—variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

—amounts expected to be payable under a residual value guarantee; and

—payments for purchase or termination options that are reasonably certain to be exercised.

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

—there is a change in future lease payments arising from the change in an index or rate; or

—there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

—there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

—there is a change of its assessment on whether it will exercise a extension or termination option; or

—there is any lease modifications

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the 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.

Applicable before January 1, 2019

Lease are operating lease and are not recognized in the Company's balance sheet. Payments made under operating leases (excluding insurance and maintenance expense) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) 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 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.

(l) Revenue

(i) Revenue from contracts with customers

1) 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.

a) Sale of goods

The Company manufactures and sells medical equipment. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer. 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.

b) 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.

(iii) 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:

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

—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

—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.

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Notes to the Parent-Company-Only Financial Statements

(m) 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.

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 within equity. The Company determines the net interest expense on the net defined benefit liability 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. 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.

(n) 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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 that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they 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 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

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

  1) the same taxable entity; or

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

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

(o) 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 potentially dilutive ordinary shares, such as employee bonus.

(p) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

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

The preparation of the parent-company-only financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires the 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 judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) 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(d).

(b) 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. Refer to note 6(e) for further description of the valuation of inventories.

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Notes to the Parent-Company-Only Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 568	408
Cash in bank	759,132	670,574
RP bills	35,728	65,762
Cash and cash equivalents in the consolidated statement of cash flows	**$ 795,428**	**736,744**

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

(b) Current financial assets at fair value through profit or loss

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Money market funds and bond funds	$ 138,683	137,938
Total	**$ 138,683**	**137,938**

(i) For credit risk and market risk, please refer to note 6(r).

(ii) The financial assets of the Company were not collateralized.

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Equity investments at fair value though other comprehensive income:		
Stock listed on domestic markets	**$ -**	**237**

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities 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.

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In the second quarter of 2019, the Company has disposed its equity investment at fair value through other comprehensive income for the purpose of investment management. The shares sold had a fair value of $211 thousand, wherein the Company realized a loss of $1,341 thousand, which was recognized as other comprehensive income; then later on, reclassified to retained earnings.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2018.

(ii) For credit risk and market risk, please refer to note 6(r).

(iii) The financial assets of the Company were not collateralized.

(d) Notes and trade receivables

	December 31, 2019	December 31, 2018
Notes receivable	$ 62,182	65,953
Trade receivables	204,466	194,199
Trade receivables-related parties	191,156	158,683
Less: Loss allowance	-	-
	$ 457,804	**418,835**

The Company 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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	December 31, 2019		
	Gross carrying amount	**Weighted- average loss rate**	**Loss allowance provision**
Current	$ 437,434	-	-
1 to 30 days past due	20,284	-	-
31 to 60 days past due	86	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	-	-
151 to 180 days past due	-	-	-
More than 181 days past due	-	100%	-
	$ 457,804		**-**

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Notes to the Parent-Company-Only Financial Statements

	December 31, 2018		
	Gross carrying amount	Weighted- averag e loss rate	Loss allowance provision
Current	$ 403,551	-	-
1 to 30 days past due	15,284	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	-	-
151 to 180 days past due	-	-	-
More than 181 days past due	-	100%	-
	$ 418,835		**-**

The notes and accounts receivables of the Company were not collateralized.

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

(e) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 98,993	109,644
Work in progress	39,532	42,559
Finished goods	39,175	27,947
Merchandise	913	1,432
Raw materials in transit	11,609	14,515
	$ 190,222	**196,097**

Except for cost of goods sold and inventories recognized as operating cost, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2019	2018
Gains on physical inventory	$ (5,211)	(4,795)
Losses on valuation of inventories	850	500
	$ (4,361)	**(4,295)**

The inventories of the Company were not collateralized.

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Notes to the Parent-Company-Only Financial Statements

(f) Investment accounted for using equity method

The component of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2019	December 31, 2018
Subsidiaries	$ 644,247	588,522

For the related information, please refer to consolidated financial statements for the years ended December 31, 2019.

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2019 and 2018 were as follows:

		Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:								
Balance at January 1, 2019	$	91,834	402,221	542,600	8,026	19,018	96,307	1,160,006
Additions		-	373	4,017	-	2,916	4,979	12,285
Disposals		-	-	(63)	-	(133)	(4,538)	(4,734)
Reclassification (Note)		-	1,492	14,278	-	1,080	8,730	25,580
Balance at December 31, 2019	$	91,834	404,086	560,832	8,026	22,881	105,478	1,193,137
Balance at January 1, 2018	$	91,834	402,221	525,676	8,026	18,211	79,360	1,125,328
Additions		-	-	4,509	-	807	10,116	15,432
Disposals		-	-	(660)	-	-	(1,035)	(1,695)
Reclassification (Note)		-	-	13,075	-	-	7,866	20,941
Balance at December 31, 2018	$	91,834	402,221	542,600	8,026	19,018	96,307	1,160,006
Accumulated depreciation and impairment loss:								
Balance at January 1, 2019	$	-	170,611	356,658	4,349	16,483	75,456	623,557
Depreciation		-	10,648	38,313	548	1,190	13,640	64,339
Disposals		-	-	(63)	-	(133)	(947)	(1,143)
Balance at December 31, 2019	$	-	181,259	394,908	4,897	17,540	88,149	686,753
Balance at January 1, 2018	$	-	158,190	319,783	3,693	15,656	66,049	563,371
Depreciation		-	12,421	37,443	656	827	9,517	60,864
Disposals		-	-	(568)	-	-	(110)	(678)
Balance at December 31, 2018	$	-	170,611	356,658	4,349	16,483	75,456	623,557
Carrying amounts:								
Balance at December 31, 2019	$	91,834	222,827	165,924	3,129	5,341	17,329	506,384
Balance at January 1, 2018	$	91,834	244,031	205,893	4,333	2,555	13,311	561,957
Balance at December 31, 2018	$	91,834	231,610	185,942	3,677	2,535	20,851	536,449

(Note) Prepayments for business facilities were reclassified as property, plant and equipment.

As of December 31, 2019 and 2018, the property, plant and equipment of the Company had been pledged as collateral for borrowings; please refer to note 8.

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Notes to the Parent-Company-Only Financial Statements

(h) Right-of-use assets

The Company leases many assets including land and buildings. Information about leases for which the Company as a lessee is presented below:

	Land	Buildings and structures	Total
Cost:			
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application	-	19,655	19,655
Balance at December 31, 2019	**$ -**	**19,655**	**19,655**
Accumulated depreciation:			
Balance at January 1, 2019	$ -	-	-
Depreciation	-	4,639	4,639
Balance at December 31, 2019	**$ -**	**4,639**	**4,639**
Carrying amount:			
Balance at December 31, 2019	**$ -**	**15,016**	**15,016**

(i) Short-term borrowings

(i) Short-term borrowings

	December 31, 2019	December 31, 2018
Unsecured bank loans	**$ -**	**25,000**
Unused credit lines	**$ 896,186**	**663,345**
Range of interest rate	**$ -**	**1%**

For the collateral for borrowing, please refer to note 8.

(j) Lease liabilities

	December 31, 2019
Current	**$ 4,609**
Non-current	**$ 10,464**

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

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	**$ 145**

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

	2019
Total cash outflow for leases	$ 4,727

(i) Leases of loan, buildings and structures

As of December 31, 2019, the Company leases buildings and structures for its office space. The leases of office space typically run for a period of 2 to 6 years. Some leases include an option to renew the lease for an additional period of 2 to 3 years after the end of the contract term.

Some leases of equipment contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(k) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan assets at fair value were as follows:

	December 31, 2019	December 31, 2018
Present value of the defined benefit obligations	$ 28,504	29,771
Fair value of plan assets	(19,262)	(19,673)
Net defined benefit liabilities	$ 9,242	10,098

The Company makes defined benefit plan contributions to the pension fund account in the 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 six months prior to retirement.

1) Composition of plan assets

The Company allocated pension funds in accordance with Regulations for Revenue, 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 $19,262 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please

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refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) The movement in present value of the defined benefit obligations:

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

	2019	2018
Defined benefit obligations at January 1	$ 29,771	25,694
Benefit paid	(2,086)	(382)
Current service costs and interest cost	1,350	1,407
Remeasurements loss (gains)	(531)	3,052
Defined benefit obligations at December 31	**$ 28,504**	**29,771**

3) The movements in fair value of the defined benefit plan assets

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

	2019	2018
Fair value of plan assets at January 1	$ 19,673	18,403
Amounts contributed to plan	880	943
Benefits paid	(2,086)	(382)
Interest revenue	206	262
Remeasurements loss (gains)	589	447
Fair value of plan assets as of December 31	**$ 19,262**	**19,673**

4) The expenses recognized in profit or loss

For the years ended December 31, 2019 and 2018, the expenses recognized in profit or loss for the Company were as follows:

	2019	2018
Current service costs	$ 1,035	1,054
Net interest of net defined benefit obligations	109	91
	$ 1,144	**1,145**
Operating costs	304	278
Operating expense	840	867
	$ 1,144	**1,145**

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Notes to the Parent-Company-Only Financial Statements

5) The remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	2019	2018
Balance as of January 1	$ (453)	2,152
Recognized in the current period	1,120	(2,605)
Balance as of December 31	**$ 667**	**(453)**

6) Actuarial assumptions

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

The defined benefit obligations:

	December 31, 2019	December 31, 2018
Discount rate	1.00%	1.13%
Future salary increase rate	1.50%	1.50%

Cost of the defined benefit plan assets:

	December 31, 2019	December 31, 2018
Discount rate	1.13%	1.38%
Future salary increase rate	1.50%	1.00%

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 $888 thousand.

The weighted average lifetime of the defined benefits plan is 13.48 years.

7) Sensitivity analysis

When calculating the present of the defined benefit plan assets, the related actuarial assumptions at the reporting date, including the discount rate, the demission rate and the change of the future salary rate, are required to be judged and estimated.

As of December 31, 2019 and 2018, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
Balance as of December 31, 2019		
Discount rate	$ 849	(855)
Future salary increase rate	829	(799)
Balance as of December 31, 2018		
Discount rate	874	(912)

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Future salary increase rate	890	(857)

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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 2019 and 2018.

(ii) Defined contribution plans

The Company's allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans. The Company allocates a fixe account to the Bureau of Labor Insurance with out additional legal on constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $7,977 thousand and $7,739 thousand for the years ended December 31, 2019 and 2018, respectively.

(iii) Short-term benefit obligation

	December 31, 2019	December 31, 2018
Paid leave	**$ 449**	**452**

(l) Income taxes

(i) Income tax expense

The components of income tax in the years 2019 and 2018 were as follows:

	2019	2018
Current tax expense		
Current period	$ 107,618	94,157
Adjustment for prior periods	(86)	(65)
	107,532	94,092
Deferred tax expense		
Origination and reversal of temporary differences	14,646	7,649
Adjustment in tax rate	-	5,833
	14,646	13,482
Income tax expense	**$ 122,178**	**107,574**

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Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows:

		2019	2018
Profit excluding income tax	$	**586,350**	**512,571**
Income tax using the Company's domestic tax rate	$	117,270	102,514
Adjustment for prior periods		(86)	(65)
Adjustment in tax rate		-	5,833
Undistributed earnings additional tax		3,912	2,369
Others		1,082	(3,077)
Total	$	**122,178**	**107,574**

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

Deferred tax assets:

		Allowance for obsolete inventories	Unrealized exchange losses	Others	Total
Balance as of January 1, 2019	$	908	-	1,749	2,657
Recognized in profit or loss		(211)	1,631	16	1,436
Balance as of December 31, 2019	**$**	**697**	**1,631**	**1,765**	**4,093**
Balance as of January 1, 2018	$	687	812	1,567	3,066
Recognized in profit or loss		221	(812)	182	(409)
Balance as of December 31, 2018	**$**	**908**	**-**	**1,749**	**2,657**

Deferred tax liabilities:

		Unrealized investment income recognized under equity method	Unrealized exchange losses	Total
Balance as of January 1, 2019	$	50,976	545	51,521
Recognized in profit or loss		16,627	(545)	16,082
Balance as of December 31, 2019	**$**	**67,603**	**-**	**67,603**
Balance as of January 1, 2018	$	38,448	-	38,448
Recognized in profit or loss		12,528	545	13,073
Balance as of December 31, 2018	**$**	**50,976**	**545**	**51,521**

(iii) The Company's income tax return for the year through 2017 were assessed by the Taipei National Tax Administration.

(m) Capital and other equity

As of December 31, 2019 and 2018, the Company's authorized share capital consisted of 1,200,000 thousand shares of ordinary share, with $10 dollars par value per share, of which 69,298 thousand shares, was issued and outstanding. All issued shares were paid up upon issuance.

(i) Capital surplus

Balance of capital surplus at the reporting date were as follows:

	December 31, 2019	December 31, 2018
Share capital	$ 315,168	315,168

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, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the annual income or earnings, after deducting any accumulated deficit, shall be set aside as a legal reserve. When the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. The remaining balance, if any, shall be appropriated as special reserve or distributed as shareholders' equity, which is to be proposed by the board of directors during the shareholders' meeting for approval, in accordance with the relevant laws and regulations.

The Company's industry is in its development stage. In order to achieve its sustainable development goals, the Company is aggressively developing and introducing new products. Thus, the growth stage requires funds to further expand the Company's production lines to facilitate the growth in a next few years. The Company planned to adopt the policy for equalization of dividends to be paid in shares or cash, which is more than 20%, in general. However, if there is a significant capital expenditure in the future (when the purchasing amount of fixed assets or the investment of production offshoring exceed 10% of the paid-in capital), all the cash dividend can be converted into shares, with the approval from the shareholders.

When the Board of Directors decides to distribute the dividend and if the Company's market price of common stock is lower than the par value from Over The Counter Market on the previous day, the cash dividend can be fully or partially paid.

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Notes to the Parent-Company-Only Financial Statements

1) Legal reserve

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

2) Special reserve

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 18, 2019 and June 15, 2018, the shareholder's meeting resolved to distribute the 2018 and 2017 earnings. These earnings were appropriated as follows:

	2018		2017	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash of retained earnings	$ 4.00	$ 277,193	3.50	242,544

On March 11, 2020, the Company's Board of Directors resided to appropriate the 2019 earnings. These earnings were appropriate as follows:

	2019	
	Amount per share	**Amounts**
Dividends distributed ordinary shareholders:		
Cash	$ 4.00	$ 277,193

(iii) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Total
Balance at January 1, 2019	$ 12,259	(1,315)	10,944
Exchange differences on foreign operations	(13,973)	-	(13,973)
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(26)	(26)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,341	1,341

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Balance at December 31, 2019	$ (1,714)	-	(1,714)

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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2018	$ (5,235)	-	(1,224)	(6,459)
Effects of retrospective application	-	(1,224)	1,224	-
Balance at January 1, 2018 after adjustments	(5,235)	(1,224)	-	(6,459)
Exchange differences on foreign operations	17,494	-	-	17,494
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(91)	-	(91)
Balance at December 31, 2018	$ 12,259	(1,315)	-	10,944

(n) Earnings per share

The Company’s earnings per share were calculated as follows:

(i) Basic earnings per share

	2019	2018
Profit attributable to ordinary shareholders of the Company	$ 464,172	404,997
Weighted-average number of ordinary shares	69,298	69,298
Basic earnings per share (express in New Taiwan Dollar)	$ 6.70	5.84

(ii) Diluted earnings per share

	2019	2018
Profit attributable to ordinary shareholders of the Company	$ 464,172	404,997
Weighted-average number of ordinary shares (basic)	69,298	69,298
Effect of employee remuneration (in thousands)	305	350
Weighted-average number of ordinary shares (diluted)	69,603	69,648
Diluted earnings per share (express in New Taiwan Dollar)	$ 6.67	5.81

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	2019	2018
Primary geographical markets:		
Asia	$ 680,271	619,016
South America	196,447	196,787
North America	263,843	193,396
Others	552,358	508,919
Total	$ 1,692,919	1,518,118

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Major products service lines:		
Manufacturing, trading and selling of medical equipment	$ 1,692,919	1,518,118

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Notes to the Parent-Company-Only Financial Statements

(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable (including related parties)	$ 457,804	418,835	344,576
Less: allowance for impairment	-	-	-
Total	$ 457,804	418,835	344,576

	December 31, 2019	December 31, 2018	January 1, 2018
Current contract liabilities	$ 36,658	33,882	15,681

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $31,965 thousand and $13,389 thousand, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(p) Remuneration to employees, directors and supervisors

According to the Article of Association, once the Company has annual profit, it should appropriate no less than 5% of the profit to its employees and 1.6% or less to its directors and supervisors.

The amount of employee remuneration, and directors' and supervisors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Association. The above remuneration were included in the operating expenses of the years ended December 31, 2019 and 2018. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the year ended December 31, 2019 and 2018 the Company accrued and recognized its employee remuneration amounting to $31,389 thousand and $27,440 thousand, and its directors'and supervisors' remuneration amounting to $10,045 thousand and $8,781 thousand, respectively. There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements.

The related information mentioned above can be found on websites such as the Market Observation Post System.

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Notes to the Parent-Company-Only Financial Statements

(q) Non-operating income and expenses

(i) Other income

		2019	2018
Interest income:			
Interest income from RP bills	$	1,113	1,218
Interest income from deposit		12	11
Interest income from bank deposit		1,255	2,045
		2,380	3,274
Guarantee service revenue		190	345
Subsidy revenue		7,431	6,823
Compensation income		186	579
Others		4,496	4,362
	$	**14,683**	**15,383**

(ii) Other gains and losses

		2019	2018
Foreign exchange gains (losses)	$	(9,922)	12,310
Gains on financial assets at fair value through profit or loss		745	604
Gains on disposal of property plant and equipment		5,002	4,824
Others		(591)	(674)
		(4,766)	**17,064**

(iii) Finance costs

		2019	2018
Interest expense on bank borrowings	$	(273)	(699)
Interest expense on lease liabilities		(145)	-
	$	**(418)**	**(699)**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

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Notes to the Parent-Company-Only Financial Statements

2) Concentration of credit risk

If the transactions of the financial instruments are significantly concentrated within certain counterparties, or if the counterparties with similar business activities and economic characteristics are not significantly concentrated within certain counterparties, the concentration of credit risk is highly probable. As of December 31, 2019 and 2018, 55% and 51%, respectively of notes and accounts receivable were from two major customers.

	Amount	Percentage of the company's trade receivables
December 31, 2019		
Subsidiary	$ 191,156	42
C_2 Company	59,150	13
	$ 250,306	**55**
December 31, 2018		
Subsidiary	$ 158,683	38
C_2 Company	52,251	13
	$ 210,934	**51**

3) Receivables securities

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

Other financial assets at amortized costs includes other receivables. The above financial assets are considered to have low risk, and 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).

For the years ended December 31, 2019 and 2018, the impairment loss are not recognized and reserved.

(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	6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2019							
Non-derivative financial liabilities							
Notes payable	$ 39,808	39,808	39,808	-	-	-	-
Accounts payable	66,441	66,441	66,441	-	-	-	-
Accounts payable-related parties	28,417	28,417	28,417	-	-	-	-
Other payable (including related parties)	40,609	40,609	40,609	-	-	-	-
Payable on machinery and equipment	4,712	4,712	4,712	-	-	-	-
Lease liabilities (current and non-current)	15,073	15,302	2,363	2,364	4,727	5,848	-
	$ 195,060	**195,289**	**182,350**	**2,364**	**4,727**	**5,848**	**-**

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	Carrying amount	Contractual cash flows	6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowing	$ 25,000	25,125	25,125	-	-	-	-
Notes payable	37,726	37,726	37,726	-	-	-	-
Accounts payable	75,147	75,147	75,147	-	-	-	-
Accounts payable-related parties	17,566	17,566	17,566	-	-	-	-
Other payables	27,740	27,740	27,740	-	-	-	-
Payables on machinery and equipment	5,941	5,941	5,941	-	-	-	-
	$ 189,120	189,245	189,245	-	-	-	-

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

(iii) Market risk

1) Currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 12,896	30.08	387,916	14,218	30.72	436,772
EUR	2,058	33.74	69,435	1,196	35.24	42,159
JPY	85,378	0.2772	23,662	54,721	0.2786	15,242
CNY	14,348	4.3210	61,996	13,324	4.4730	59,596
Investments accounted for using equity method						
USD	20,423	30.08	614,311	18,224	30.72	559,855
Financial liabilities						
Monetary items						
USD	1,700	30.08	51,127	1,044	30.72	32,068
EUR	163	33.74	5,493	296	35.24	10,414
JPY	35,677	0.2772	9,888	43,942	0.2786	12,240

2) Sensitivity analysis

The Company’s exposure to foreign currency risk arise from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the foreign currency for the years ended December 31, 2019 and 2018 would have increased (decreased), the net profit after tax by $4,765 thousand and $4,990 thousand, respectively. The analysis is performed on the same basis for 2018.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

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 ended December 31, 2019 and 2018, foreign exchange profit (loss) (including realized and unrealized portions) were as follows;

	2019		2018	
	Exchange (loss) profit	**Average rate**	**Exchange (loss) profit**	**Average rate**
NTD	$ (9,922)	-	12,310	-

(iv) Interest rate analysis

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 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 1% 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 1% basic points the Company's net income would have increased / decreased by $0 thousand and $250 thousand for the years ended December 31, 2019 and 2018 with all other variable factors remain constant. This is mainly due to the Company's borrowing at floating rates.

(v) Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyzes for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net profit before tax**	**Other comprehensive income before tax**	**Net profit before tax**
Increasing 1%	$ -	-	2	-
Decreasing 1%	$ -	-	(2)	-

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required :

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 138,683	138,683	-	-	138,683
Financial assets measured at amortized cost					
Cash and cash equivalents	795,428	-	-	-	-
Notes and accounts receivables (including related parties)	518,338	-	-	-	-
Other financial assets	2,158	-	-	-	-
Subtotal	1,315,924	-	-	-	-
Total	**$ 1,454,607**	**138,683**	**-**	**-**	**138,683**
Financial liabilities measured at amortized cost					
Notes and accounts payables (including related parties)	$ 134,666	-	-	-	-
Other payable (including related parties)	40,609	-	-	-	-
Payables on machinery and equipment	4,712	-	-	-	-
Lease liabilities (current and non-current)	15,073	-	-	-	-
Total	**$ 195,060**	**-**	**-**	**-**	**-**

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 137,938	137,938	-	-	137,938
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	237	237	-	-	237
Financial assets measured at amortized cost					
Cash and cash equivalents	736,744	-	-	-	-
Notes and accounts receivables (including related parties)	432,146	-	-	-	-
Other financial assets	3,017	-	-	-	-
Subtotal	1,171,907	-	-	-	-
Total	**$ 1,310,082**	**138,175**	**-**	**-**	**138,175**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 25,000	-	-	-	-
Notes and accounts payables (including related parties)	130,439	-	-	-	-
Other payable	27,740	-	-	-	-
Payables on machinery and equipment	5,941	-	-	-	-

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

Total	$ 189,120	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

When the financial instruments of the Company is traded in an active market, its fair value is illustrated by the category and nature as follows:

The fair value of listed stocks and funds traded in an active market is based on the market quoted price.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market date at the reporting date.

3) Categories and fair values of financial instruments

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the years ended December 31, 2019 and 2018, there were no change on the fair value hierarchy of financial asset.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(s) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board chairman and general manager are responsible for developing and monitoring the Company's risk management policies. Also they report regularly to the Board of Directors on the activities performed by Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set and monitor appropriate risk limits and controls, to ensure they are adhered to accordingly. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors ensures that the supervision of the management is in compliance with the Company's risk management policies and procedures, as well as reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of the Company is assisted in its oversight role by an Internal Audit, wherein the Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, in which the results are to be reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

1) Trade and other receivable

The Company’s exposure to credit risk is mainly influenced by its individual customer’s condition. The management also assess the statistical information based on the Company’s customers, including the default risk of the customer’s industry and nation, which have the factors to influence the Company’s credit risk. For the years ended December 31, 2019 and 2018, the Company’s accounts receivable were not concentrated in any geographical location, therefore, there were no concentration of credit risks.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed periodically.

The Company sets the allowance for its doubtful accounts to reflect the estimated loss of its trade and other receivables, as well as its investments. The major component of the allowance account contains individually significant exposure related to specific losses. Also, the component includes the losses on similar asset groups that have occurred but not yet identified.

The allowance for doubtful account is based on statistical information of historical payment of the similar 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) Guarantees

The Company’s policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2019 and 2018, the residual amounts of guarantees to the subsidiaries are $120,320 thousand and $230,400 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2019 and 2018, the Company's unused credit line were amounted to $896,186 thousand and $663,345 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. In order to manage and control the foreign exchange rates, the Company will maintain a certain limit of the net portion of the foreign currency.

The Company designates the stocks listed on domestic markets and bond funds which are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively; and therefore, the valuation of equity prices will fluctuate according to the changes in market prices. To manage the market risk, the Company transacts with securities trusts institutions with good credit ratings and estimates the equity price risk of its equity instruments through a professional manager.

The Company is exposed to interest risk on the fair value of its financial asset and financial liabilities due to deposit in bank and bank loans. The changes in interest risk on these financial instruments have no significant impact on the fair value.

(t) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors and market, and to sustain future development of the business. The Company 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. The Company's debt-to-equity ratio at the end of the reporting period as of 31 December 2019 and 2018, is as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 464,758	416,245
Less: cash and cash equivalents	795,428	736,744
Net liabilities (assets)	**$ (330,670)**	**(320,499)**
Total equity	**$ 2,157,457**	**1,993,528**

The Company's debt-to-equity ratio doesn't change significantly as of December 31, 2019.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company's investing and financing activities which affect the current cash flow in the years ended December 31, 2019 and 2018.

(7) Related-parties transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
BIOTEQUE MEDICAL CO., LTD.	The subsidiary
CHUNGTEX INTESTINE CO. LTD	The subsidiary
BIOTEQUE MEDICAL PHIL.INC.	The subsidiary
BONTEQ MEDICAL DISTRIBUTION PHIL.INC.	The subsidiary

(c) Significant transactions with related parties:

(i) The transaction of entrusting subsidiary to process and repurchase the finished product

The Company will sell raw materials to subsidiaries, which they are processed, and then will purchase back some of the finished products and sell them to customers. The accounting method is not purchase and sale, therefore, accounts receivable and payables are still settled in the total amount and are therefore still shown in the total amount.

The amounts sold in 2019 and 2018 were $241,221 thousand and $190,462 thousand, respectively, and the amounts of finished products purchased after processing in 2019 and 2018 were $302,355 thousand and $217,112 thousand, respectively, with the difference included in the processing cost of $61,134 thousand and $26,650 thousand, respectively.

(ii) Disposal of property, plant and equipment

	2019		2018	
Relationship with the Company	**Amount of disposal**	**Gain from disposal**	**Amount of disposal**	**Gain from disposal**
Subsidiary	$ 3,695	-	951	-

Note: The deferred gains from disposal were accounted for under investment account under equity method.

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(iii) Guarantee

The Company provides endorsement guarantee for subsidiaries, and the details of its were as follows:

	December 31, 2019	December 31, 2018
Subsidiary	$ 120,320	230,400

The Company in accordance with the above-mentioned endorsement guarantee, charges 0.5% of the endorsement guarantee fee to the subsidiary. The Company's endorsement guarantee income in 2019 and 2018 were $190 thousand and $345 thousand, respectively, while the guarantee fees receivable for the years ended December 31, 2019 and 2018 were $138 thousand and $247 thousand, respectively, including other receivables-related parties.

(iv) Receivables from related parties

Account	Relationship	December 31, 2019	December 31, 2018
Trade receivable-related parties	BIOTEQUE MEDICAL PHIL.INC.	$ 189,395	156,111
Trade receivable-related parties	BONTEQ MEDICAL DISTRIBUTION PHIL.INC.	1,761	2,572
Other receivable-related parties	BIOTEQUE MEDICAL PHIL.INC.	60,480	13,164
Other receivable-related parties	BONTEQ MEDICAL DISTRIBUTION PHIL.INC.	54	147
		$ 251,690	171,994

(v) Payables to related parties

Account	Relationship	December 31, 2019	December 31, 2018
Accounts payable-related parties	BIOTEQUE MEDICAL PHIL.INC.	$ 28,417	17,566
Other payable-related parties	BIOTEQUE MEDICAL PHIL.INC.	1,085	16
		$ 29,502	17,582

(d) Key management personnel compensation

Key management personnel compensation were comprised as below:

	2019	2018
Short-term employee benefits	$ 23,689	20,325
Post-employment benefits	509	509
	$ 24,198	20,834

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(8) Pledged assets:

Pledged assets	Object	December 31, 2019	December 31, 2018
Other current financial assets:			
Restricted bank deposit	Purchase guarantee	$ 601	601
Property, plant and equipment			
Land	Credit of short-term borrowings	91,834	91,834
Buildings and structures	Credit of short-term borrowings	183,816	191,729
Machinery and equipment	Credit of short-term borrowings	11,322	19,367
		$ 287,573	303,531

(9) Commitments and contingencies:

(a) Contingencies

In prior years, the Company entered into the license agreement which has expired with a supplier. On July 5, 2018, the supplier filed a complaint which has not completed accusing the Company. The Company assess there is no the significant impact on its consolidated financial statements.

(b) Notes issued as guarantee

	December 31, 2019	December 31, 2018
Long and short term borrowings	$ 832,160	743,600

(c) The agreements for expansion of the factory and purchases of machinery and equipment

	December 31, 2019	December 31, 2018
Total contract price	$ 132,955	140,761
Paid amount	$ 94,626	77,348

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(12) Other:

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

By function / By item	2019			2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	159,468	86,835	246,303	148,183	78,619	226,802
Labor and health insurance	15,600	5,548	21,148	14,493	5,186	19,679
Pension	5,908	3,213	9,121	5,693	3,191	8,884
Remuneration of directors	-	7,725	7,725	-	6,537	6,537
Others	9,498	3,521	13,019	8,630	3,613	12,243
Depreciation	61,700	7,278	68,978	58,188	2,676	60,864
Amortization	883	1,830	2,713	1,958	2,270	4,228

For the years ended December 31, 2019 and 2018, the number of employees and employee benefits were as follows:

	2019	2018
Number of employees	430	427
Number of non-employee directors	4	4
Average employee benefit	$ 680	633
Average salaries and bonus	$ 578	536
Average salaries and bonus adjustment	7.84%	

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2019 :

(i) Leading to other parties:

(In thousands of dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Amount of used loan facilities (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	Accounts receivable from related parties	Yes	216,230 (USD 7,000)	120,320 (USD 4,000)	120,320 (USD 4,000)	2.00%	2	-	Working Capital	-	None	-	261,400 (Note 2)	261,400 (Note 2)

Note 1: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 2: For entities in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the net worth of the borrower.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of dollars)

Number	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
1	The Company	BIOTEQUE MEDICAL CO., LTD.	4	207,894	30,810 (USD 1,000)	-	-	-	- %	339,561	Y	N	N
2	The Company	BIOTEQUE MEDICAL PHIL. INC.	4	207,894	205,400 (USD 6,500)	120,320 (USD 4,000)	10,027 (USD 333)	-	4.84%	339,561	Y	N	N

Note 1: The total amount for the guarantees and endorsements provided by the Company to external entities shall not exceed 49% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to external entities shall not exceed 49% of the Company's net worth.

Note 2: The total amount for the guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth.

Note 3: Relationship with the Company

1. Ordinary business relationship.
2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.
3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.
4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	641	10,379	-	10,379	
〃	Yuanta Wan Tai Money Market Fund	〃	〃	2,497	37,964	-	37,964	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	2,992	31,059	-	31,059	
〃	Mega Diamond Money Market Fund	〃	〃	2,894	36,433	-	36,433	
〃	Paradigm Pion Money Market Fund	〃	〃	1,970	22,848	-	22,848	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY,LTD.	〃	Current financial assets at fair value through profit or loss	34	951	-	951	
〃	China Steel Corporation	〃	〃	11	262	-	262	
〃	UNITED MICROELECTRONICS CORP.	〃	〃	10	165	-	165	
〃	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	-	3	-	3	
〃	CHANG HWA CONNERCIAL BANK., LTD.	〃	〃	32	722	-	722	
〃	TAISHIN FINANCIAL HOLDING CO., LTD.	〃	〃	65	944	-	944	
〃	EXCELSIOR MEDICAL CO., LTD	〃	〃	10	539	-	539	
〃	PineBridge Emerging Market Corporate Strategy Bond Fund B	〃	〃	378	3,160	-	3,160	
〃	Fuh Hwa Emerging Market High Yield Bond Fund B	〃	〃	412	2,190	-	2,190	
BIOTEQUE MEDICAL CO., LTD	Bonds with a rating of BBB-or better by the standard & poor's	〃	〃	-	30,499	-	30,499	

Note: If there are public markets prices, the fair value shall be evaluated by the last operating date of the accounting duration.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	BIOTEQUE MEDICAL PHIL. INC.	Subsidiary	249,875	1.17%	-	-	27,256	-

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: None.

(b) Information on investees:

The following are the information on investees for the year ended December 31, 2019 (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, 2019	Original investment amount: December 31, 2018	Balance as of December 31, 2019: Shares (in thousands)	Balance as of December 31, 2019: Percentage of ownership	Balance as of December 31, 2019: Carrying value	Net ir (lo of inv
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	16,349	16,349	500	100.00%	261,400	
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00%		
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	299,315	4,481	100.00%	352,911	
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00%	15,827	

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(c) Information on investment in Mainland China: None.

(14) Segment information:

Please see the consolidated financial statements for the year ended December 31, 2019.

BIOTEQUE
CORPORATION

Chairman:Zong-Li Tsai