

**BIOTEQUE CORPORATION AND SUBSIDIARIES****Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2020 and 2019**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of Bioteque Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Bioteque Corporation (the “Company”) and its subsidiaries (together referred to as the “Group”) as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the statements of changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Bioteque Corporation and its subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, as well as its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)  
November 12, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2020 and 2019**

**BIOTEQUE CORPORATION AND SUBSIDIARIES**

Consolidated Balance Sheets

September 30, 2020, December 31 and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019		September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>												
<b>Current assets:</b>												
Cash and cash equivalents (note 6(a))	\$ 1,177,059	35	1,054,596	36	1,000,069	34	72,750	2	-	-	64,816	2
Current financial assets at fair value through profit or loss (note 6(b))	176,593	5	178,118	6	178,505	6	48,139	2	36,709	1	69,166	2
Notes receivable, net (notes 6(d) and (n))	61,689	2	68,834	2	67,887	2	47,934	2	41,415	2	38,372	1
Accounts receivable, net (notes 6(d) and (n))	231,288	7	218,958	8	249,000	8	78,501	2	66,441	3	74,484	3
Inventories (note 6(e))	255,895	8	268,278	9	281,010	10	114,801	4	125,208	4	122,127	4
Other current financial assets (note 8)	601	-	513	-	21,115	1	3,900	-	6,597	-	11,937	-
Other current assets	39,082	1	26,532	1	33,248	1	39,356	1	63,695	2	47,620	2
<b>Total current assets</b>	<b>1,942,207</b>	<b>58</b>	<b>1,815,829</b>	<b>62</b>	<b>1,830,834</b>	<b>62</b>	<b>13,711</b>	<b>-</b>	<b>4,933</b>	<b>-</b>	<b>4,918</b>	<b>-</b>
<b>Non-current assets:</b>												
Property, plant and equipment (notes 6(f), 8 and 9)	979,196	29	943,782	32	934,983	32	-	-	10,027	-	15,510	1
Right-of-use assets (note 6(g))	386,266	12	64,365	2	67,321	2	7,178	-	9,952	-	22,714	1
Deferred tax assets	4,093	-	4,093	-	2,657	-	426,270	13	364,977	12	471,664	16
Prepayments for business facilities (note 9)	37,022	1	103,336	4	105,091	4	67,603	2	67,603	3	51,521	2
Other non-current financial assets	3,441	-	1,956	-	2,035	-	325,872	10	10,549	-	11,789	-
Other non-current assets	5,362	-	7,137	-	6,044	-	9,242	-	9,242	-	10,107	-
<b>Total non-current assets</b>	<b>1,415,380</b>	<b>42</b>	<b>1,124,669</b>	<b>38</b>	<b>1,118,131</b>	<b>38</b>	<b>828,987</b>	<b>25</b>	<b>452,371</b>	<b>15</b>	<b>545,081</b>	<b>18</b>
<b>Total assets</b>	<b>\$ 3,357,587</b>	<b>100</b>	<b>2,940,498</b>	<b>100</b>	<b>2,948,965</b>	<b>100</b>	<b>\$ 3,357,587</b>	<b>100</b>	<b>2,940,498</b>	<b>100</b>	<b>2,948,965</b>	<b>100</b>
<b>Liabilities and Equity</b>												
<b>Current liabilities:</b>												
Short-term borrowings (notes 6(h), 6(t) and 8)	2100											
Current contract liabilities (note 6(n))	2130											
Notes payable	2150											
Accounts payable	2170											
Other payables	2209											
Payable on machinery and equipment	2213											
Current tax liabilities	2230											
Current lease liabilities (notes 6(i) and 6(t))	2280											
Long-term liabilities, current portion (notes 6(h) and 6(t))	2320											
Other current liabilities	2399											
<b>Total current liabilities</b>												
<b>Non-current liabilities:</b>												
Deferred tax liabilities	2570											
Non-current lease liabilities (notes 6(i) and 6(t))	2580											
Net defined benefit liability, non-current	2640											
<b>Total non-current liabilities</b>												
<b>Total liabilities</b>												
<b>Equity attributable to owners of parent (note 6(i)):</b>												
Ordinary shares	3100											
Capital surplus	3200											
Retained earnings:												
Legal reserve	3310											
Special reserve	3320											
Unappropriated retained earnings	3350											
Other equity interest:												
Exchange differences on translation of foreign financial statements	3410											
<b>Total equity</b>												
<b>Total liabilities and equity</b>												

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**BIOTEQUE CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and nine months ended September 30, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

	For the three months ended September 30				For the nine months ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(n))	\$ 512,015	100	474,332	100	1,420,978	100	1,388,584	100
5000	Operating costs (notes 6(e), (f), (g), (j) and 12)	293,755	57	271,599	57	811,315	57	781,175	56
	Gross profit from operations	218,260	43	202,733	43	609,663	43	607,409	44
6000	Operating expenses (notes 6(d), (f), (g), (j), (o), 7 and 12):								
6100	Selling expenses	21,891	4	22,080	5	61,683	4	66,203	5
6200	Administrative expenses	22,515	5	23,698	5	63,377	5	71,393	5
6300	Research and development expenses	19,946	4	13,036	3	53,785	4	33,890	2
6450	Expected credit loss	-	-	-	-	165	-	-	-
	Total operating expenses	64,352	13	58,814	13	179,010	13	171,486	12
6900	Net operating income	153,908	30	143,919	30	430,653	30	435,923	32
7000	Non-operating income and expenses (notes 6(i) and (p)):								
7100	Interest income	313	-	1,411	-	2,036	-	4,906	-
7010	Other income	1,324	-	20,993	5	5,882	-	30,337	3
7020	Other gains and losses	(2,398)	-	(23,889)	(5)	(6,401)	-	(13,054)	(1)
7050	Finance costs	(552)	-	(565)	-	(767)	-	(1,588)	-
	Total non-operating income and expenses	(1,313)	-	(2,050)	-	750	-	20,601	2
7900	Profit before tax	152,595	30	141,869	30	431,403	30	456,524	34
7951	Less: Tax expenses (note 6(k))	31,166	6	28,163	6	93,330	6	95,314	7
	Profit	121,429	24	113,706	24	338,073	24	361,210	27
8300	Other comprehensive income (loss) (note 6(l)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(26)	-
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	-	-	-	-	-	-	(26)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
8361	Exchange differences on translation	(10,273)	(2)	(1,105)	-	(20,407)	(2)	5,866	-
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	(10,273)	(2)	(1,105)	-	(20,407)	(2)	5,866	-
8300	Other comprehensive income (loss), net	(10,273)	(2)	(1,105)	-	(20,407)	(2)	5,840	-
	Comprehensive income	\$ 111,156	22	112,601	24	317,666	22	367,050	27
	Profit, attributable to:								
	Profit, attributable to owners of parent	\$ 121,429	24	113,706	24	338,073	24	361,210	27
	Comprehensive income, attributable to:								
	Comprehensive income, attributable to owners of parent	\$ 111,156	22	112,601	24	317,666	22	367,050	27
9750	Basic earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)	\$ 1.75		1.64		4.88		5.21	
9850	Diluted earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)	\$ 1.75		1.64		4.86		5.19	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**BIOTEQUE CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the nine months ended September 30, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent					Total equity		
	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
<b>Balance at January 1, 2019</b>	\$ 692,983	315,168	283,404	6,459	1,005,069	12,259	(1,315)	2,314,027
Net income for the nine months ended September 30, 2019	-	-	-	-	361,210	-	-	361,210
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	5,866	(26)	5,840
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	361,210	5,866	(26)	367,050
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	40,499	-	(40,499)	-	-	-
Cash dividends	-	-	-	-	(277,193)	-	-	(277,193)
Reversal of special reserve	-	-	-	(6,459)	6,459	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,341)	-	1,341	-
<b>Balance at September 30, 2019</b>	\$ 692,983	315,168	323,903	-	1,053,705	18,125	-	2,403,884
<b>Balance at January 1, 2020</b>	\$ 692,983	315,168	323,903	-	1,157,787	(1,714)	-	2,488,127
Net income for the nine months ended September 30, 2020	-	-	-	-	338,073	-	-	338,073
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(20,407)	-	(20,407)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	338,073	(20,407)	-	317,666
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	46,417	-	(46,417)	-	-	-
Special reserve	-	-	-	1,714	(1,714)	-	-	-
Cash dividends	-	-	-	-	(277,193)	-	-	(277,193)
<b>Balance at September 30, 2020</b>	\$ 692,983	315,168	370,320	1,714	1,170,536	(22,121)	-	2,528,600

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**BIOTEQUE CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2020 and 2019**

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

	For the nine months ended September 30	
	2020	2019
<b>Cash flows generated from (used in) operating activities:</b>		
Profit before tax	\$ 431,403	456,524
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	79,119	69,168
Amortization expense	3,263	1,809
Expected credit loss	165	-
Net loss (gain) on financial assets at fair value through profit or loss	466	(1,254)
Interest expense	767	1,588
Interest income	(2,036)	(4,906)
Loss on disposal of property, plant and equipment	-	18,893
<b>Total adjustments to reconcile profit</b>	<u>81,744</u>	<u>85,298</u>
<b>Changes in operating assets:</b>		
Notes receivable	7,145	3,751
Accounts receivable	(12,495)	(37,962)
Inventories	12,383	724
Other current assets	(12,759)	(12,389)
Other financial assets	(88)	(19,172)
<b>Total changes in operating assets</b>	<u>(5,814)</u>	<u>(65,048)</u>
<b>Changes in operating liabilities:</b>		
Current contract liabilities	11,430	35,243
Notes payable	6,519	565
Accounts payable	12,060	(772)
Other payable	(10,382)	17,939
Net defined benefit liability	-	9
Other current liabilities	(2,774)	16,695
<b>Total changes in operating liabilities</b>	<u>16,853</u>	<u>69,679</u>
<b>Total changes in operating assets and liabilities</b>	<u>11,039</u>	<u>4,631</u>
<b>Total adjustments</b>	<u>92,783</u>	<u>89,929</u>
Cash inflow generated from operations	524,186	546,453
Interest received	2,245	5,032
Income taxes paid	(117,669)	(109,440)
<b>Net cash flows generated from operating activities</b>	<u>408,762</u>	<u>442,045</u>
<b>Cash flows generated from (used in) investing activities:</b>		
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	(90,499)	(93,166)
Proceeds from disposal of financial assets at fair value through profit or loss	91,289	92,536
Acquisition of property, plant and equipment	(15,505)	(45,178)
Increase in other financial assets	(1,485)	(63)
Increase in other non-current assets	(1,488)	(4,296)
Increase in prepayments for business facilities	(40,441)	(50,822)
Decrease (increase) in payables on machinery and equipment	(2,697)	5,996
<b>Net cash flows used in investing activities</b>	<u>(60,826)</u>	<u>(94,782)</u>
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	74,534	65,280
Decrease in short-term loans	-	(25,000)
Repayments of long-term borrowings	(9,938)	(31,058)
Decrease in guarantee deposits	-	(8)
Payment of lease liabilities	(6,324)	(3,602)
Cash dividend paid	(277,193)	(277,193)
Interest paid	(792)	(1,516)
<b>Net cash flows generated from financing activities</b>	<u>(219,713)</u>	<u>(273,097)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(5,760)</u>	<u>(698)</u>
<b>Net increase in cash and cash equivalents</b>	122,463	73,468
<b>Cash and cash equivalents at beginning of period</b>	1,054,596	926,601
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,177,059</u>	<u>1,000,069</u>

See accompanying notes to consolidated financial statements.



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Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2020 and 2019

## BIOTEQUE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share  
 Information and 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:

The consolidated financial statements for the nine months ended September 30, 2020 and 2019 were authorized for issue by the board of directors on November 12, 2020.

#### (3) New standards and interpretations not yet 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, 2020.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRS issued by the 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, 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the abovementioned amendments 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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Those which may be relevant to the Group are set out below:

<b>Issuance / Release Dates</b>	<b>Standards or Interpretations</b>	<b>Content of amendment</b>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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:**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019

**(b) Basis of consolidation**

**(i) List of subsidiaries in the consolidated financial statements:**

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Shareholding</b>		
			<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
The Company	BIOTEQUE MEDICAL CO., LTD.	Investment activities	100.00 %	100.00 %	100.00 %
The Company	CHUNGTEX INVESTMENT CO., LTD.	Investment activities	100.00 %	100.00 %	100.00 %
The Company	BIOTEQUE MEDICAL PHIL. INC.	Manufacturing and Trading of Medical equipment	100.00 %	100.00 %	100.00 %
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Trading of Medical equipment	100.00 %	100.00 %	100.00 %

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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 preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash on hand	\$ 857	670	1,048
Cash in bank	1,176,202	983,863	927,236
RP bills	-	70,063	71,785
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 1,177,059</u></b>	<b><u>1,054,596</u></b>	<b><u>1,000,069</u></b>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<b>Financial assets designated as at fair value through profit or loss:</b>			
RP bills	\$ 29,100	30,499	31,234
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets			
Money market funds and bond funds	144,056	144,033	143,876
Stock listed on domestic markets	<u>3,437</u>	<u>3,586</u>	<u>3,395</u>
Total	<u>\$ 176,593</u>	<u>178,118</u>	<u>178,505</u>

- (i) For credit risk and market risk, please refer to note 6(q).  
(ii) The financial assets of the Group were not collateralized.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<b>Equity investments at fair value through other comprehensive income:</b>			
Stock listed on domestic markets	<u>\$ -</u>	<u>-</u>	<u>-</u>

- (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.

- (ii) For credit risk and market risk, please refer to note 6(q).  
(iii) The financial assets of the Group were not collateralized.

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (d) Notes and trade receivables

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 61,689	68,834	67,887
Trade receivables	231,453	218,958	249,000
Less: Loss allowance	(165)	-	-
	<u>\$ 292,977</u>	<u>287,792</u>	<u>316,887</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, 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:

	September 30, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 287,290	-	-
1 to 30 days past due	4,047	-	-
31 to 60 days past due	1,640	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	6.0 %	-
151 to 180 days past due	-	16.44%	-
More than 181 days past due	165	100 %	165
	<u>\$ 293,142</u>		<u>165</u>
	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 %	-
	<u>\$ 287,792</u>		<u>-</u>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>September 30, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 293,591	-	-
1 to 30 days past due	22,599	-	-
31 to 60 days past due	697	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	1.19 %	-
151 to 180 days past due	-	8.53 %	-
More than 181 days past due	-	100 %	-
	<b>\$ 316,887</b>		<b>-</b>

The loss allowance provision was determined as follows:

	<b>Accounts receivable</b>
Balance at January 1, 2020	\$ -
Impairment loss recognized	165
Balance at September 30, 2020	<b>\$ 165</b>

For the nine months ended September 30, 2019, the impairment loss is not recognized and reserved.

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

(e) Inventories

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Raw materials	\$ 138,440	151,400	161,031
Work in progress	53,020	54,982	72,320
Finished goods	46,059	47,030	31,867
Merchandise	6,602	2,430	2,298
Raw materials in transit	11,774	12,436	13,494
	<b>\$ 255,895</b>	<b>268,278</b>	<b>281,010</b>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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:

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Loss (gains) on physical inventory	\$ 4	(19)	(2,786)	(2,126)
Losses on valuation of inventories	-	3	-	1,782
Unallocated production overhead	-	-	3,752	-
Losses on obsolescence	-	-	1	-
	<u>\$ 4</u>	<u>(16)</u>	<u>967</u>	<u>(344)</u>

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 nine months ended September 30, 2020 and 2019 were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:								
Balance at January 1, 2020	\$ 91,834	747,211	748,707	9,636	24,682	158,686	21,792	1,802,548
Additions	-	432	1,715	336	30	9,154	3,838	15,505
Reclassification (Note 1) (Nonte 2)	-	11,719	86,013	144	-	20,468	(10,236)	108,108
Effect of changes in foreign exchange rates	-	(11,269)	(4,524)	(52)	(58)	(1,964)	(410)	(18,277)
Balance at September 30, 2020	<u>\$ 91,834</u>	<u>748,093</u>	<u>831,911</u>	<u>10,064</u>	<u>24,654</u>	<u>186,344</u>	<u>14,984</u>	<u>1,907,884</u>
Balance at January 1, 2019	\$ 91,834	752,516	697,043	9,670	20,672	140,591	7,393	1,719,719
Additions	-	373	8,185	-	2,631	6,227	27,762	45,178
Disposals	-	(18,922)	-	-	-	-	-	(18,922)
Reclassification (Note 1)	-	1,492	14,087	-	1,080	6,464	-	23,123
Effect of changes in foreign exchange rates	-	3,385	1,024	16	17	460	34	4,936
Balance at September 30, 2019	<u>\$ 91,834</u>	<u>738,844</u>	<u>720,339</u>	<u>9,686</u>	<u>24,400</u>	<u>153,742</u>	<u>35,189</u>	<u>1,774,034</u>
Accumulated depreciation and impairment loss:								
Balance at January 1, 2020	\$ -	210,428	499,824	5,991	18,832	123,691	-	858,766
Depreciation	-	13,311	39,156	458	1,442	19,167	-	73,534
Effect of changes in foreign exchange rates	-	(1,058)	(1,292)	(37)	(45)	(1,180)	-	(3,612)
Balance at September 30, 2020	<u>\$ -</u>	<u>222,681</u>	<u>537,688</u>	<u>6,412</u>	<u>20,229</u>	<u>141,678</u>	<u>-</u>	<u>928,688</u>
Balance at January 1, 2019	\$ -	194,651	455,755	5,224	17,436	101,919	-	774,985
Depreciation	-	13,478	33,277	661	1,031	16,452	-	64,899
Disposals	-	(29)	-	-	-	-	-	(29)
Effect of changes in foreign exchange rates	-	(1,231)	207	8	10	202	-	(804)
Balance at September 30, 2019	<u>\$ -</u>	<u>206,869</u>	<u>489,239</u>	<u>5,893</u>	<u>18,477</u>	<u>118,573</u>	<u>-</u>	<u>839,051</u>
Carrying amounts:								
Balance at January 1, 2020	\$ 91,834	536,783	248,883	3,645	5,850	34,995	21,792	943,782
Balance at September 30, 2020	<u>\$ 91,834</u>	<u>525,412</u>	<u>294,223</u>	<u>3,652</u>	<u>4,425</u>	<u>44,666</u>	<u>14,984</u>	<u>979,196</u>
Balance at January 1, 2019	\$ 91,834	557,865	241,288	4,446	3,236	38,672	7,393	944,734
Balance at September 30, 2019	<u>\$ 91,834</u>	<u>531,975</u>	<u>231,100</u>	<u>3,793</u>	<u>5,923</u>	<u>35,169</u>	<u>35,189</u>	<u>934,983</u>

(Note 1) Prepayments for business facilities were reclassified as property, plant and equipment.

(Note 2) Construction in progress were reclassified to building and structures. Also the capitalized depreciation expenses of right-of-use assets were reclassified as construction in progress.

(Continued)



**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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As of September 30, 2020, December 31 and September 30, 2019, 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:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 49,670	20,362	70,032
Additions	313,771	16,659	330,430
Effect of changes in foreign exchange rates	<u>(1,618)</u>	<u>(7)</u>	<u>(1,625)</u>
Balance at September 30, 2020	<u>\$ 361,823</u>	<u>37,014</u>	<u>398,837</u>
Balance at January 1, 2019	\$ -	-	-
Effects of retrospective application	50,728	20,352	71,080
Effect of changes in foreign exchange rates	<u>495</u>	<u>15</u>	<u>510</u>
Balance at September 30, 2019	<u>\$ 51,223</u>	<u>20,367</u>	<u>71,590</u>
Accumulated depreciation:			
Balance at January 1, 2020	\$ 714	4,953	5,667
Depreciation for the year	1,883	5,055	6,938
Effect of changes in foreign exchange rates	<u>(34)</u>	<u>-</u>	<u>(34)</u>
Balance at September 30, 2020	<u>\$ 2,563</u>	<u>10,008</u>	<u>12,571</u>
Balance at January 1, 2019	\$ -	-	-
Depreciation for the year	553	3,716	4,269
Effect of changes in foreign exchange rates	<u>(1)</u>	<u>1</u>	<u>-</u>
Balance at September 30, 2019	<u>\$ 552</u>	<u>3,717</u>	<u>4,269</u>
Carrying amount:			
Balance at September 30, 2020	<u>\$ 359,260</u>	<u>27,006</u>	<u>386,266</u>
Balance at September 30, 2019	<u>\$ 50,671</u>	<u>16,650</u>	<u>67,321</u>

(h) Short-term and long-term borrowings

(i) Short-term borrowings

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured bank loans	<u>\$ 72,750</u>	<u>-</u>	<u>64,816</u>
Unused credit lines	<u>\$ 927,300</u>	<u>947,322</u>	<u>881,094</u>
Range of interest rate	<u>2.50%</u>	<u>-</u>	<u>1%~3.75%</u>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Long-term borrowings

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Unsecured bank loans	\$ -	10,027	15,510
Less: Current portion	-	(10,027)	(15,510)
	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused credit lines	<u>\$ -</u>	<u>30,080</u>	<u>31,020</u>
Range of interest rate	<u>-</u>	<u>3.75%</u>	<u>3.75%~4.47%</u>

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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
USD (thousand dollars)	\$ -	333	500
Convert to NTD	\$ -	10,027	15,510

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

## (i) Lease liabilities

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Current	\$ 13,711	4,933	4,918
Non-current	\$ 325,872	10,549	11,789

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest on lease liabilities	\$ 66	44	165	125

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

	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Total cash outflow for leases	\$ 6,489	3,727

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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(i) Leases of land , buildings and structures

As of September 30, 2020 and 2019, the Group leases land , buildings and structures for its factory, office space, warehouse and parking lot. The leases run for a period of 2 to 20 years. Some leases include an option to renew the lease for an additional period of 2 to 20 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) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

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

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Operating costs	\$ 76	76	228	228
Operating expenses	146	146	912	438
	<u>\$ 222</u>	<u>222</u>	<u>1,140</u>	<u>666</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Operating costs	\$ 1,425	1,459	4,138	4,202
Operating expenses	748	628	2,201	1,727
	<u>\$ 2,173</u>	<u>2,087</u>	<u>6,339</u>	<u>5,929</u>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) The Group's subsidiaries incorporated in the Philippine have a defined contribution plan, wherein a monthly contribution to an independent fund, administered by the government in accordance with the pension regulations in the Republic of the Philippines, are based on certain percentage of employees' monthly salaries and wages. The Group recognized the pension cost were as follows:

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Operating costs	\$ 47	41	109	83
Operating expenses	16	13	40	24
	<u>\$ 63</u>	<u>54</u>	<u>149</u>	<u>107</u>

- (k) Income taxes

The amounts of income tax were as follows:

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Current tax expenses	\$ 31,166	28,163	94,565	95,400
Adjustment for prior periods	-	-	(1,235)	(86)
Income tax expenses	<u>\$ 31,166</u>	<u>28,163</u>	<u>93,330</u>	<u>95,314</u>

The Company's income tax returns for the years through 2018 were examined by the Taipei National Tax Administration.

- (l) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2020 and 2019. For the related information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2019.

As of September 30, 2020 and 2019, 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:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Share capital	<u>\$ 315,168</u>	<u>315,168</u>	<u>315,168</u>

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

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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(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.

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.

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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3) Earnings distribution

On June 9, 2020 and June 18, 2019, the shareholder's meeting resolved to distribute the 2019 and 2018 earnings. These earnings were appropriated as follows:

	2019		2018	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash of retained earnings	\$ 4.00	\$ <u>277,193</u>	4.00	<u>277,193</u>

(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	
	Amount	Amount	Amount	Amount	Amount	Amount
Balance at January 1, 2020		\$ (1,714)				(1,714)
Exchange differences on foreign operations		(20,407)				(20,407)
Balance at September 30, 2020		<u>\$ (22,121)</u>				<u>(22,121)</u>
Balance at January 1, 2019	\$ 12,259		(1,315)		10,944	
Exchange differences on foreign operations	5,866		-		5,866	
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 September 30, 2019	<u>\$ 18,125</u>		<u>-</u>		<u>18,125</u>	

(m) Earnings per share

The Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Profit attributable to ordinary shareholders of the Company	\$ <u>121,429</u>	<u>113,706</u>	<u>338,073</u>	<u>361,210</u>
Weighted-average number of ordinary shares	<u>69,298</u>	<u>69,298</u>	<u>69,298</u>	<u>69,298</u>
Basic earnings per share (express in New Taiwan Dollars)	<u>\$ 1.75</u>	<u>1.64</u>	<u>4.88</u>	<u>5.21</u>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Diluted earnings per share

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>121,429</u>	<u>113,706</u>	<u>338,073</u>	<u>361,210</u>
Weighted-average number of ordinary shares (basic)	69,298	69,298	69,298	69,298
Effect of employee remuneration (in thousands)	<u>166</u>	<u>191</u>	<u>236</u>	<u>256</u>
Weighted-average number of ordinary shares (diluted)	<u>69,464</u>	<u>69,489</u>	<u>69,534</u>	<u>69,554</u>
Diluted earnings per share (express in New Taiwan Dollars)	\$ <u>1.75</u>	<u>1.64</u>	<u>4.86</u>	<u>5.19</u>

## (n) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Primary geographical markets:				
Asia	\$ 200,294	194,470	580,902	553,669
South America	84,772	51,075	183,880	156,145
North America	80,905	73,104	211,008	210,279
Others	<u>146,044</u>	<u>155,683</u>	<u>445,188</u>	<u>468,491</u>
Total	\$ <u>512,015</u>	<u>474,332</u>	<u>1,420,978</u>	<u>1,388,584</u>
Major products service lines:				
Manufacturing, trading and selling of medical equipment	\$ <u>512,015</u>	<u>474,332</u>	<u>1,420,978</u>	<u>1,388,584</u>

## (ii) Contract balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts receivable	\$ 293,142	287,792	316,887
Less: allowance for impairment	<u>(165)</u>	<u>-</u>	<u>-</u>
Total	\$ <u>292,977</u>	<u>287,792</u>	<u>316,887</u>
Current contract liabilities	\$ <u>48,139</u>	<u>36,709</u>	<u>69,166</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the nine months ended September 30, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were \$35,224 thousand and \$31,582 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.

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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(o) 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 Company's estimated remuneration is as follows:

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Employee remuneration	\$ 8,025	7,476	22,834	24,239
Directors' and supervisors' remuneration	2,568	2,393	7,307	7,757
	<u>\$ 10,593</u>	<u>9,869</u>	<u>30,141</u>	<u>31,996</u>

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 nine months ended September 30, 2020 and 2019. 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, 2020 and 2019 the Company accrued and recognized its employee remuneration amounting to \$31,389 thousand and \$27,440 thousand, respectively; and its directors' and supervisors' remuneration amounting to \$10,045 thousand 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.

(p) Non-operating income and expenses

(i) Interest income

	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Nine months ended</u> <u>September 30, 2019</u>
Interest income:				
Interest income from RP bills	\$ 106	1,147	1,361	3,443
Interest income from funds	76	89	250	268
Interest income from deposit	3	3	9	9
Interest income from bank deposit	128	172	416	1,186
	<u>\$ 313</u>	<u>1,411</u>	<u>2,036</u>	<u>4,906</u>

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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## (ii) Other income

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Subsidy revenue	\$ -	530	2,434	7,302
Compensation income	-	19,126	-	19,126
Others	<u>1,324</u>	<u>1,337</u>	<u>3,448</u>	<u>3,909</u>
	<u>\$ 1,324</u>	<u>20,993</u>	<u>5,882</u>	<u>30,337</u>

## (iii) Other gains and losses

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Foreign exchange gains (losses)	\$ (2,201)	(6,285)	(5,614)	3,620
Gains (losses) on financial assets at fair value through profit or loss	(167)	135	(466)	1,254
Losses on disposal of property plant and equipment	-	(18,893)	-	(18,893)
Others	<u>(30)</u>	<u>1,154</u>	<u>(321)</u>	<u>965</u>
	<u>\$ (2,398)</u>	<u>(23,889)</u>	<u>(6,401)</u>	<u>(13,054)</u>

## (iv) Finance costs

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Interest expense on bank borrowings	\$ (486)	(521)	(602)	(1,463)
Interest expense on lease liabilities	<u>(66)</u>	<u>(44)</u>	<u>(165)</u>	<u>(125)</u>
	<u>\$ (552)</u>	<u>(565)</u>	<u>(767)</u>	<u>(1,588)</u>

## (q) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2019. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2019.

## (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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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Concentration of credit risk

As of September 30, 2020, December 31 and September 30, 2019, 30%, 33% and 30%, of the Group's notes and accounts receivable were concentrated on two specific customers, respectively.

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.

As of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 72,750	73,637	73,637	-	-	-
Notes payable	47,934	47,934	47,934	-	-	-
Accounts payable	78,501	78,501	78,501	-	-	-
Other payables	114,801	114,801	114,801	-	-	-
Payables on machinery and equipment	3,900	3,900	3,900	-	-	-
Lease liabilities (current and non-current)	<u>339,583</u>	<u>378,428</u>	<u>15,787</u>	<u>15,619</u>	<u>40,934</u>	<u>306,088</u>
	<u>\$ 657,469</u>	<u>697,201</u>	<u>334,560</u>	<u>15,619</u>	<u>40,934</u>	<u>306,088</u>
<b>December 31, 2019</b>						
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)	<u>15,482</u>	<u>15,721</u>	<u>5,062</u>	<u>4,811</u>	<u>5,848</u>	<u>-</u>
	<u>\$ 185,695</u>	<u>186,310</u>	<u>175,651</u>	<u>4,811</u>	<u>5,848</u>	<u>-</u>

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2019</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 64,816	64,991	64,991	-	-	-
Long-term liabilities, current portion	15,510	16,092	16,092	-	-	-
Notes payable	38,372	38,372	38,372	-	-	-
Accounts payable	74,484	74,484	74,484	-	-	-
Other payables	50,398	50,398	50,398	-	-	-
Payables on machinery and equipment	11,937	11,937	11,937	-	-	-
Lease liabilities (current and non-current)	<u>16,707</u>	<u>16,988</u>	<u>5,061</u>	<u>4,987</u>	<u>7,030</u>	<u>-</u>
	<u>\$ 272,224</u>	<u>273,262</u>	<u>261,335</u>	<u>4,987</u>	<u>7,030</u>	<u>-</u>

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:

	<u>September 30, 2020</u>			<u>December 31, 2019</u>			<u>September 30, 2019</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>Financial assets</b>									
<u>Monetary items</u>									
USD	\$ 14,010	29.10	407,705	12,916	30.08	388,519	13,768	31.02	427,073
EUR	897	34.18	30,665	2,058	33.74	69,435	3,080	33.89	104,366
JPY	42,897	0.2760	11,837	85,378	0.2772	23,662	156,498	0.2880	45,064
PHP	106,466	0.6014	64,024	16,610	0.6080	10,099	94,138	0.6130	57,706
CNY	13,882	4.272	59,302	14,377	4.321	62,121	16,106	4.358	70,192
<u>Investments accounted for using equity method</u>									
USD	17,050	29.10	496,163	20,423	30.08	614,311	19,951	31.02	618,885
PHP	35,204	0.6014	21,170	26,031	0.6080	15,827	21,958	0.6130	13,460
<b>Financial liabilities</b>									
<u>Monetary items</u>									
USD	2,292	29.10	66,693	1,700	30.08	51,127	1,638	31.02	50,822
EUR	128	34.18	4,377	163	33.74	5,493	171	33.89	5,803
JPY	30,546	0.2760	8,429	35,677	0.2772	9,888	55,518	0.2880	15,986
PHP	18,212	0.6014	10,952	20,257	0.6080	12,316	22,827	0.6130	13,993

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.

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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A strengthening (weakening) of 1% of the NTD against the foreign currency for the nine months ended September 30, 2020 and 2019 would have increased (decreased), the net profit before tax by \$4,831 thousand and \$6,178 thousand, respectively. The analysis is performed on the same basis for 2019.

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 nine months ended September 30, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(5,614) thousand and \$3,620 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 \$269 thousand and \$602 thousand for the nine months ended September 30, 2020 and 2019 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 nine months ended September 30, 2020 and 2019, 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:

	Nine months ended September 30			
	2020		2019	
	Other comprehensive income before tax	Net profit before tax	Other comprehensive income before tax	Net profit before tax
Prices of securities at the reporting date				
Increasing 1%	\$ -	34	-	34
Decreasing 1%	\$ -	(34)	-	(34)

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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## (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:

	September 30, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 147,493	147,493	-	-	147,493
Designated at fair value through profit or loss	29,100	29,100	-	-	29,100
Subtotal	<u>176,593</u>	<u>176,593</u>	<u>-</u>	<u>-</u>	<u>176,593</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,177,059	-	-	-	-
Notes and accounts receivables	292,977	-	-	-	-
Other financial assets	4,042	-	-	-	-
Subtotal	<u>1,474,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,650,671</u>	<u>176,593</u>	<u>-</u>	<u>-</u>	<u>176,593</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 72,750	-	-	-	-
Notes and accounts payable	126,435	-	-	-	-
Other payables	114,801	-	-	-	-
Payables on machinery and equipment	3,900	-	-	-	-
Lease liabilities (current and non-current)	339,583	-	-	-	-
Total	<u>\$ 657,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
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	<u>178,118</u>	<u>178,118</u>	<u>-</u>	<u>-</u>	<u>178,118</u>
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	<u>1,344,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,522,975</u>	<u>178,118</u>	<u>-</u>	<u>-</u>	<u>178,118</u>

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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 nine months ended September 30, 2020 and 2019, there were no change on the fair value hierarchy of financial asset.

(r) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(s) of the consolidated financial statements for the year ended December 31, 2019.

(s) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2019 for further details.

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

The Group's financial activities which did not affect the current cash flow for the nine months ended September 30, 2020 and 2019, were as follows:

	January 1, 2020	Cash flows	Non-cash changes		September 30, 2020
			Foreign exchange movement	Other	
Short-term borrowings	\$ -	74,534	(1,784)	-	72,750
Long-term borrowings (including current portion)	10,027	(9,938)	(89)	-	-
Lease liabilities (current and non- current)	15,482	(6,324)	(5)	330,430	339,583
Total liabilities from financial activities	<u>\$ 25,509</u>	<u>58,272</u>	<u>(1,878)</u>	<u>330,430</u>	<u>412,333</u>

  

	January 1, 2019	Cash flows	Non-cash changes		September 30, 2019
			Foreign exchange movement	Other	
Short-term borrowings	\$ 25,000	40,280		(464)	64,816
Long-term borrowings (including current portion)	46,080	(31,058)		488	15,510
Lease liabilities (current and non- current)	20,352	(3,602)		(43)	16,707
Total liabilities from financial activities	<u>\$ 91,432</u>	<u>5,620</u>		<u>(19)</u>	<u>97,033</u>

(7) **Related-party 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:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Short-term employee benefits	\$ 6,447	5,834	19,175	17,515
Post-employment benefits	127	127	855	381
	<u>\$ 6,574</u>	<u>5,961</u>	<u>20,030</u>	<u>17,896</u>

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**(8) Pledged assets:**

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other current financial assets:				
Restricted bank deposit	Purchase guarantee	\$ 601	601	601
Property, plant and equipment				
Land	Credit of short-term borrowings	91,834	91,834	91,834
Buildings and structures	Credit of short-term borrowings	177,882	183,816	185,795
Machinery and equipment	Credit of short-term borrowings	<u>5,360</u>	<u>11,322</u>	<u>13,309</u>
		<u>\$ 275,677</u>	<u>287,573</u>	<u>291,539</u>

**(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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Long and short term borrowings	<u>\$ 927,300</u>	<u>832,160</u>	<u>740,000</u>

## (c) The agreements for expansion of the factory and purchases of machinery and equipment

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Total contract price	<u>\$ 154,579</u>	<u>173,832</u>	<u>200,396</u>
Paid amount	<u>\$ 59,184</u>	<u>136,056</u>	<u>173,649</u>

**(10) Losses Due to Major Disasters: None****(11) Subsequent Events: None**

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**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
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**(12) Other:**

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

By item	By function	Three months ended September 30, 2020			Three months ended September 30, 2019		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		56,245	26,821	83,066	52,782	24,427	77,209
Labor and health insurance		3,812	1,688	5,500	4,000	1,363	5,363
Pension		1,548	910	2,458	1,576	787	2,363
Remuneration of directors		-	2,073	2,073	-	3,842	3,842
Others		2,548	891	3,439	2,801	778	3,579
Depreciation (Note)		25,819	2,280	28,099	21,299	2,150	23,449
Amortization		403	722	1,125	218	407	625

By item	By function	Nine months ended September 30, 2020			Nine months ended September 30, 2019		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		156,192	75,147	231,339	152,733	71,136	223,869
Labor and health insurance		11,336	4,967	16,303	11,768	4,007	15,775
Pension		4,475	3,153	7,628	4,513	2,189	6,702
Remuneration of directors		-	5,737	5,737	-	8,116	8,116
Others		7,437	2,625	10,062	6,973	2,373	9,346
Depreciation (Note)		72,306	6,813	79,119	62,767	6,401	69,168
Amortization		1,153	2,110	3,263	596	1,213	1,809

(Note) The capitalized depreciation expenses of right-of-use assets amounting to \$1,353 thousand were recognized as construction in progress for the nine months ended September 30, 2020.

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

## BIOTEQUE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated 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 nine months ended September 30, 2020 :

##### (i) Lending 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	121,200 (USD 4,000 )	116,400 (USD 4,000 )	116,400 (USD 4,000 )	2%	2	-	Working Capital	-	None	-	120,313 (Note 2)	120,313 (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 PHIL. INC.	2	207,894	121,200 (USD 4,000 )	72,750 (USD 2,500 )	72,750 (USD 2,500 )	-	2.88 %	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.

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated 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	10,415	-	10,415	
"	Yuanta Wan Tai Money Market Fund	"	"	2,497	38,073	-	38,073	
"	Franklin Templeton Sinoam Money Market Fund	"	"	2,992	31,176	-	31,176	
"	Mega Diamond Money Market Fund	"	"	2,894	36,570	-	36,570	
"	JKO Pion Money Market Fund (Original name: Paradigm Pion Money Market Fund)	"	"	1,970	22,914	-	22,914	
	Bonds with a rating of BBB- or better by the standard & poor's				29,100		29,100	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY, LTD.	"	"	37	943	-	943	
"	China Steel Corporation	"	"	11	225	-	225	
"	UNITED MICROELECTRONICS CORP.	"	"	10	286	-	286	
"	EVERGREEN MARINE CORP. (TAIWAN) LTD.	"	"	-	3	-	3	
"	CHANG HWA CONNRCIAL BANK., LTD.	"	"	33	574	-	574	
"	TAISHIN FINANCIAL HOLDING CO., LTD.	"	"	67	852	-	852	
"	EXCELSIOR MEDICAL CO., LTD	"	"	10	554	-	554	
"	PineBridge Emerging Market Corporate Strategy Bond Fund B	"	"	378	3,011	-	3,011	
"	Fuh Hwa Emerging Market High Yield Bond Fund B	"	"	412	1,897	-	1,897	

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:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Yilan Science Park (No. 22, Yike Rd., Yilan Country 260, Taiwan (R.O.C))	2020/7/30	313,771	The payment term of 19 years and 5 months started at August 3, 2020 and matures on December 31, 2039, with a monthly payment of \$745 thousand.	Hsinchu Science Park Bureau, Ministry of Science and Technology	-	N/A	N/A	N/A	-	Based on the lease price set by the government.	For production, manufacturing, research and development, as well as production capacity.	Lease period: 19 years and 5 months. The Company expects to renew the lease for another twenty years; and therefore, the amount of right-of-use assets was calculated for 39 years and 5 months.

(Continued)

## BIOTEQUE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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	165,500	0.96	-	-	15,027	-

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 nine months ended September 30, 2020:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Accounts receivable	145,336	OA 270	4.32%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Processing costs	86,980	There is no significant difference from translation terms with non-related parties.	6.12%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Other receivables	20,164		OA 270
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Accounts payable	42,258	OA 30	1.26%
0	The Company	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	1	Operating revenue	8,055	There is no significant difference from translation terms with non-related parties.	0.57%
0	The Company	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	1	Accounts receivable	6,745		OA 180
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	3	Other receivables	116,400	2%	3.47%
2	BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	3	Operating revenue	25,937	There is no significant difference from translation terms with non-related parties.	1.83%
2	BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	3	Accounts receivable	15,332		OA 120

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.

(Continued)

## BIOTEQUE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Information on investees:

The following are the information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2020			Net income (losses) of investee	Share of profits (losses) of investee	Remark
				September 30, 2020	December 31, 2019	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	16,349	16,349	500	100.00 %	120,313	1,320	1,320	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00 %	29,718	(218)	(218)	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	299,315	4,481	100.00 %	375,850	47,958	47,958	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00 %	21,170	5,469	5,469	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.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
JP Morgan Chase Bank, N. A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool		4,349,000	6.27 %
Feng-Jing Huang		3,630,000	5.23 %

(14) Segment information:

There were no significant changes in the Group's division, as well as the profit and loss measurement basis, as disclosed in the consolidated financial statements for the year December 31, 2019.

The Group's operating segment information and reconciliation were as follows:

	Three months ended September 30, 2020					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 214,940	86,914	206,644	3,517	-	512,015
Intersegment revenue	-	6,093	-	-	(6,093)	-
Total revenue	<u>\$ 214,940</u>	<u>93,007</u>	<u>206,644</u>	<u>3,517</u>	<u>(6,093)</u>	<u>512,015</u>
Reporting segment profit or loss	<u>\$ 41,609</u>	<u>18,859</u>	<u>94,163</u>	<u>(2,036)</u>	<u>-</u>	<u>152,595</u>
	Three months ended September 30, 2019					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 204,311	85,806	180,810	3,405	-	474,332
Intersegment revenue	-	5,860	-	-	(5,860)	-
Total revenue	<u>\$ 204,311</u>	<u>91,666</u>	<u>180,810</u>	<u>3,405</u>	<u>(5,860)</u>	<u>474,332</u>
Reporting segment profit or loss	<u>\$ 30,924</u>	<u>23,261</u>	<u>90,427</u>	<u>(2,743)</u>	<u>-</u>	<u>141,869</u>

(Continued)

**BIOTEQUE CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Nine months ended September 30, 2020					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 579,516	256,401	575,480	9,581	-	1,420,978
Intersegment revenue	-	18,091	-	-	(18,091)	-
Total revenue	<u>\$ 579,516</u>	<u>274,492</u>	<u>575,480</u>	<u>9,581</u>	<u>(18,091)</u>	<u>1,420,978</u>
Reporting segment profit or loss	<u>\$ 94,952</u>	<u>60,053</u>	<u>276,125</u>	<u>273</u>	<u>-</u>	<u>431,403</u>
	Nine months ended September 30, 2019					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 601,070	246,679	530,330	10,505	-	1,388,584
Intersegment revenue	-	17,523	-	-	(17,523)	-
Total revenue	<u>\$ 601,070</u>	<u>264,202</u>	<u>530,330</u>	<u>10,505</u>	<u>(17,523)</u>	<u>1,388,584</u>
Reporting segment profit or loss	<u>\$ 106,412</u>	<u>67,937</u>	<u>262,722</u>	<u>19,453</u>	<u>-</u>	<u>456,524</u>

The material reconciling items of the above reportable segment as below:

Total reportable segment revenue after deducting the intersegment revenue was \$6,093 thousand, \$5,860 thousand, \$18,091 thousand and \$17,523 thousand dollars in the three months and nine months ended September 30, 2020 and 2019.