

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

BIOTEQUE CORPORATION

Parent-Company-Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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

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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, 2021 and 2020, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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.

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, 2021, the amount of the inventories is \$245,442 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 10, 2022

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, 2021 and 2020

(expressed in thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 696,040	18	1,039,435	29	2130	Current contract liabilities (note 6(o))	28,128	1	56,919	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	167,196	4	167,739	5	2150	Notes payable	419	-	59,113	2
1136	Current financial assets at amortised cost (note 6(c))	264,260	7	120,527	3	2170	Accounts payable	156,010	4	83,683	2
1150	Notes receivable, net (notes 6(d) and (o))	63,304	2	66,729	2	2180	Accounts payable—related parties (note 7)	49,826	1	30,844	1
1170	Accounts receivable, net (notes 6(d) and (o))	198,712	5	207,029	6	2209	Other payables (including related parties) (notes 6(k), (p) and 7)	107,013	3	114,219	3
1180	Accounts receivable—related parties, net (notes 6(d), (o) and 7)	187,064	5	155,190	4	2213	Payable on machinery and equipment	172,701	5	21,373	1
1210	Other receivables—related parties (note 7)	7,897	-	14,277	-	2230	Current tax liabilities	53,263	1	57,328	2
130X	Inventories (note 6(c))	245,442	7	218,655	6	2280	Current lease liabilities (note 6(j))	13,672	-	13,570	-
1476	Other current financial assets (note 8)	3,354	-	1,053	-	2399	Other current liabilities	5,420	-	5,409	-
1479	Other current assets	26,360	1	21,078	1		Total current liabilities	<u>586,452</u>	<u>15</u>	<u>442,458</u>	<u>13</u>
	Total current assets	<u>1,859,629</u>	<u>49</u>	<u>2,011,712</u>	<u>56</u>		Non-Current liabilities:				
Non-current assets:						2540	Long-term borrowings (notes 6(i) and 8)	51,500	2	-	-
1550	Investments accounted for using equity method (notes 6(f) and 7)	450,455	12	532,985	15	2570	Deferred tax liabilities (note 6(l))	37,070	1	53,378	1
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	1,102,553	29	666,216	19	2580	Non-current lease liabilities (note 6(j))	308,798	8	322,470	9
1755	Right-of-use assets (note 6(h))	321,155	9	335,645	9	2640	Net defined benefit liability, non-current (note 6(k))	10,834	-	12,143	-
1840	Deferred tax assets (note 6(l))	3,339	-	3,742	-	2645	Guarantee deposits received	-	-	87,700	3
1915	Prepayments for business facilities (note 9)	54,499	1	24,800	1		Total non-current liabilities	<u>408,202</u>	<u>11</u>	<u>475,691</u>	<u>13</u>
1980	Other non-current financial assets	2,689	-	2,695	-		Total liabilities	<u>994,654</u>	<u>26</u>	<u>918,149</u>	<u>26</u>
1995	Other non-current assets	3,512	-	4,562	-		Equity (notes 6(k) and (m)):				
	Total non-current assets	<u>1,938,202</u>	<u>51</u>	<u>1,570,645</u>	<u>44</u>	3100	Ordinary shares	692,983	18	692,983	19
						3200	Capital surplus	315,168	8	315,168	9
							Retained earnings:				
						3310	Legal reserve	419,501	11	370,321	10
						3320	Special reserve	33,975	1	1,714	-
						3350	Unappropriated retained earnings	1,392,170	37	1,317,997	37
								1,845,646	49	1,690,032	47
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(50,620)	(1)	(33,975)	(1)
							Total equity	<u>2,803,177</u>	<u>74</u>	<u>2,664,208</u>	<u>74</u>
Total assets		<u>\$ 3,797,831</u>	<u>100</u>	<u>3,582,357</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,797,831</u>	<u>100</u>	<u>3,582,357</u>	<u>100</u>

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

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(o) and 7)	\$ 1,707,885	100	1,831,167	100
5000 Operating costs (notes 6(e), (g), (h),(k), 7 and 12)	<u>982,523</u>	<u>58</u>	<u>1,067,397</u>	<u>58</u>
5900 Gross profit from operations	725,362	42	763,770	42
5910 Less: Unrealized profit from sales	<u>4,846</u>	<u>-</u>	<u>19,141</u>	<u>1</u>
Net gross profit	<u>720,516</u>	<u>42</u>	<u>744,629</u>	<u>41</u>
6000 Operating expenses (notes 6(g), (h), (k), (p), 7 and 12):				
6100 Selling expenses	80,816	5	70,445	4
6200 Administrative expenses	70,077	4	73,849	4
6300 Research and development expenses	<u>68,830</u>	<u>4</u>	<u>71,820</u>	<u>4</u>
Total operating expenses	<u>219,723</u>	<u>13</u>	<u>216,114</u>	<u>12</u>
6900 Net operating income	<u>500,793</u>	<u>29</u>	<u>528,515</u>	<u>29</u>
7000 Non-operating income and expenses (notes 6(j), (q) and 7):				
7100 Interest income	557	-	746	-
7010 Other income	5,695	-	5,851	-
7020 Other gains and losses	(7,084)	-	(11,153)	(1)
7050 Finance costs	(204)	-	(216)	-
7375 Share of profit of subsidiaries for using equity method	<u>32,684</u>	<u>2</u>	<u>70,654</u>	<u>4</u>
Profit from continuing operations before tax	532,441	31	594,397	32
7950 Less: Income tax expenses (note 6(l))	<u>101,184</u>	<u>6</u>	<u>105,732</u>	<u>6</u>
Profit	<u>431,257</u>	<u>25</u>	<u>488,665</u>	<u>26</u>
8300 Other comprehensive income (loss) (notes 6(k) and (m)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	1,550	-	(3,130)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>1,550</u>	<u>-</u>	<u>(3,130)</u>	<u>-</u>
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	(16,645)	(1)	(32,261)	(2)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(16,645)</u>	<u>(1)</u>	<u>(32,261)</u>	<u>(2)</u>
8300 Other comprehensive income (after tax)	<u>(15,095)</u>	<u>(1)</u>	<u>(35,391)</u>	<u>(2)</u>
8500 Total comprehensive income	<u>\$ 416,162</u>	<u>24</u>	<u>453,274</u>	<u>24</u>
9750 Basic earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)	<u>\$ 6.22</u>		<u>7.05</u>	
9850 Diluted earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)	<u>\$ 6.20</u>		<u>7.02</u>	

See accompanying notes to parent-company-only financial statements.

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BIOTEQUE CORPORATION**Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(expressed in thousands of New Taiwan Dollars)**

	Retained earnings				Unappropriated retained earnings	Other equity interest	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve		Exchange differences on translation of foreign financial statements	
Balance at January 1, 2020	\$ 692,983	315,168	323,903	-	1,157,787	(1,714)	2,488,127
Net income for the years ended December 31, 2020	-	-	-	-	488,665	-	488,665
Other comprehensive income for the years ended December 31, 2020	-	-	-	-	(3,130)	(32,261)	(35,391)
Total comprehensive income for the years ended December 31, 2020	-	-	-	-	485,535	(32,261)	453,274
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	46,418	-	(46,418)	-	-
Special reserve	-	-	-	1,714	(1,714)	-	-
Cash dividends	-	-	-	-	(277,193)	-	(277,193)
Balance at December 31, 2020	692,983	315,168	370,321	1,714	1,317,997	(33,975)	2,664,208
Net income for the years ended December 31, 2021	-	-	-	-	431,257	-	431,257
Other comprehensive income for the years ended December 31, 2021	-	-	-	-	1,550	(16,645)	(15,095)
Total comprehensive income for the years ended December 31, 2021	-	-	-	-	432,807	(16,645)	416,162
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	49,180	-	(49,180)	-	-
Special reserve	-	-	-	32,261	(32,261)	-	-
Cash dividends	-	-	-	-	(277,193)	-	(277,193)
Balance at December 31, 2021	\$ 692,983	315,168	419,501	33,975	1,392,170	(50,620)	2,803,177

See accompanying notes to parent-company-only financial statements.

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BIOTEQUE CORPORATION**Statements of Cash Flows****For the years ended December 31, 2021 and 2020****(expressed in thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 532,441	594,397
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	91,193	81,542
Amortization expense	4,518	4,037
Unrealized profit from sales	4,846	19,141
Net loss on financial assets at fair value through profit or loss	528	384
Interest expense	204	216
Net loss on financial assets at amortised cost	3,711	-
Interest income	(557)	(746)
Share of profit of subsidiaries for using equity method	(32,684)	(70,654)
Gain on disposal of property, plant and equipment	(4,557)	(4,961)
Total adjustments to reconcile profit	<u>67,202</u>	<u>28,959</u>
Changes in operating assets:		
Notes receivable	3,425	(4,547)
Accounts receivable	8,317	(2,563)
Accounts receivable—related parties	(31,874)	35,966
Other receivable—related parties	6,380	46,257
Inventories	(26,787)	(28,433)
Other current assets	(5,282)	16,576
Other financial assets—current	(2,326)	(115)
Total changes in operating assets	<u>(48,147)</u>	<u>63,141</u>
Changes in operating liabilities:		
Current contract liabilities	(28,791)	20,261
Notes payable	(58,694)	19,305
Accounts payable	72,327	17,242
Accounts payable—related parties	18,982	2,427
Other payable	(7,206)	(2,069)
Other payable—related parties	-	(1,085)
Other current liabilities	11	(12,576)
Net defined benefit liability	241	(229)
Total changes in operating liabilities	<u>(3,130)</u>	<u>43,276</u>
Total changes in operating assets and liabilities	<u>(51,277)</u>	<u>106,417</u>
Total adjustments	<u>15,925</u>	<u>135,376</u>
Cash inflow generated from operations	548,366	729,773
Interest received	582	771
Income taxes paid	(121,154)	(123,724)
Net cash flows generated from operating activities	<u>427,794</u>	<u>606,820</u>
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(147,444)	(120,527)
Acquisition of financial assets at fair value through profit or loss	(139,465)	(57,890)
Proceeds from disposal of financial assets at fair value through profit or loss	139,480	28,450
Acquisition of property, plant and equipment	(480,937)	(119,834)
Proceeds from disposal of property, plant and equipment	-	606
Decrease (increase) in other non-current financial assets	6	(2,562)
Increase in other non-current assets	(3,468)	(1,500)
Increase in prepayments for business facilities	(59,958)	(41,921)
Increase in payables on machinery and equipment	151,328	16,661
Dividends received	98,280	135,475
Net cash flows used in investing activities	<u>(442,178)</u>	<u>(163,042)</u>
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	51,500	-
Increase (decrease) in guarantee deposits received	(87,700)	87,700
Payment of lease liabilities	(13,570)	(9,436)
Cash dividends paid	(277,193)	(277,193)
Interest paid	(2,048)	(842)
Net cash flows used in financing activities	<u>(329,011)</u>	<u>(199,771)</u>
Net increase in cash and cash equivalents	<u>(343,395)</u>	<u>244,007</u>
Cash and cash equivalents at beginning of period	<u>1,039,435</u>	<u>795,428</u>
Cash and cash equivalents at end of period	<u>\$ 696,040</u>	<u>1,039,435</u>

See accompanying notes to parent-company-only financial statements.

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BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2021 and 2020

(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, 2002.

(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 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

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

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

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. 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

Except 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 presented in New Taiwan Dollars has been rounded to the nearest thousand.

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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.

(Continued)

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 an assets 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.

(Continued)

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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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. 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 accounts receivable, other receivable, guarantee deposit paid and other financial assets) 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'.

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

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

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

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

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

ECLs 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). ECLs 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 charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the 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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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) 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.

4) Derecognition of financial liabilities

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

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

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

5) 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.

(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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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
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) 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.

(i) As a lessee

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

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

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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 been 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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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.

(Continued)

BIOTEQUE CORPORATION
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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

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

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

- (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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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:

In preparing these parent-company-only financial statements, management has made 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 critical judgments that do not have significant effects in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 736	705
Demand deposits	682,338	1,023,496
Checking accounts	<u>12,966</u>	<u>15,234</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ 696,040</u>	<u>1,039,435</u>

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, 2021	December 31, 2020
Financial assets designated at fair value through profit or loss:		
RP bills	\$ 27,670	28,480
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Money market funds and bond funds	<u>139,526</u>	<u>139,259</u>
Total	<u>\$ 167,196</u>	<u>167,739</u>

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

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

(c) Current financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Time deposits	<u>\$ 264,260</u>	<u>120,527</u>

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

- (i) During the years ended December 31, 2021 and 2020, the Group held domestic time deposits, with the weighted-average interest rates of 0.03%~0.12% and 0.2%, respectively, which mature on February to March of 2022 and March of 2021, respectively.
- (ii) For credit risk, please refer to note 6(r).
- (iii) The financial assets of the Company were not collateralized.
- (d) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 63,304	66,729
Trade receivables	198,712	207,029
Trade receivables-related parties	187,064	155,190
Less: loss allowance	-	-
	<u>\$ 449,080</u>	<u>428,948</u>

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 allowances was determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 447,717	-	-
1 to 30 days past due	842	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	521	-	-
121 to 150 days past due	-	-	-
151 to 180 days past due	-	-	-
More than 181 days past due	-	100 %	-
	<u>\$ 449,080</u>		<u>-</u>

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 428,834	-	-
1 to 30 days past due	114	-	-
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 %	-
	\$ 428,948		-

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, 2021	December 31, 2020
Raw materials	\$ 128,222	109,986
Work in progress	48,314	48,840
Finished goods	59,219	48,437
Merchandise	3,398	1,663
Raw materials in transit	6,289	9,729
	\$ 245,442	218,655

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:

	2021	2020
Gains on physical inventory	\$ (1,745)	(4,239)
Losses on valuation of inventories	12	-
	\$ (1,733)	(4,239)

The inventories of the Company were not collateralized.

(Continued)

BIOTEQUE CORPORATION
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, 2021	December 31, 2020
Subsidiaries	\$ 450,455	532,985

For the related information, please refer to consolidated financial statements for the years ended December 31, 2021.

(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, 2021 and 2020 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, 2021	\$ 91,834	404,086	653,337	8,505	19,183	135,733	110,555	1,423,233
Additions	-	5,932	7,115	-	-	6,062	461,828	480,937
Disposals	-	-	(13,684)	-	-	(9,191)	-	(22,875)
Reclassification (Note 1) (Note 2)	-	738	21,225	-	-	8,296	9,804	40,063
Balance at December 31, 2021	\$ 91,834	410,756	667,993	8,505	19,183	140,900	582,187	1,921,358
Balance at January 1, 2020	\$ 91,834	404,086	560,832	8,026	22,881	105,478	-	1,193,137
Additions	-	-	2,933	336	-	9,951	106,614	119,834
Disposals	-	-	-	-	(3,698)	(1,728)	-	(5,426)
Reclassification (Note 1)	-	-	89,572	143	-	22,032	3,941	115,688
Balance at December 31, 2020	\$ 91,834	404,086	653,337	8,505	19,183	135,733	110,555	1,423,233
Accumulated depreciation and impairment loss:								
Balance at January 1, 2021	\$ -	191,773	439,442	5,415	15,497	104,890	-	757,017
Depreciation	-	10,620	51,015	561	1,493	20,974	-	84,663
Disposals	-	-	(13,684)	-	-	(9,191)	-	(22,875)
Balance at December 31, 2021	\$ -	202,393	476,773	5,976	16,990	116,673	-	818,805
Balance at January 1, 2020	\$ -	181,259	394,908	4,897	17,540	88,149	-	686,753
Depreciation	-	10,514	44,534	518	1,655	17,863	-	75,084
Disposals	-	-	-	-	(3,698)	(1,122)	-	(4,820)
Balance at December 31, 2020	\$ -	191,773	439,442	5,415	15,497	104,890	-	757,017
Carrying amounts:								
Balance at December 31, 2021	\$ 91,834	208,363	191,220	2,529	2,193	24,227	582,187	1,102,553
Balance at January 1, 2020	\$ 91,834	222,827	165,924	3,129	5,341	17,329	-	506,384
Balance at December 31, 2020	\$ 91,834	212,313	213,895	3,090	3,686	30,843	110,555	666,216

(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.

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

(Continued)

BIOTEQUE CORPORATION
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 has been a lessee is presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 313,744	36,314	350,058
Balance at December 31, 2021	<u>\$ 313,744</u>	<u>36,314</u>	<u>350,058</u>
Balance at January 1, 2020	\$ -	19,655	19,655
Additions	313,744	16,659	330,403
Balance at December 31, 2020	<u>\$ 313,744</u>	<u>36,314</u>	<u>350,058</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 3,316	11,097	14,413
Depreciation	7,960	6,530	14,490
Balance at December 31, 2021	<u>\$ 11,276</u>	<u>17,627</u>	<u>28,903</u>
Balance at January 1, 2020	\$ -	4,639	4,639
Depreciation	3,316	6,458	9,774
Balance at December 31, 2020	<u>\$ 3,316</u>	<u>11,097</u>	<u>14,413</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 302,468</u>	<u>18,687</u>	<u>321,155</u>
Balance at December 31, 2020	<u>\$ 310,428</u>	<u>25,217</u>	<u>335,645</u>
Balance at January 1, 2020	<u>\$ -</u>	<u>15,016</u>	<u>15,016</u>

(i) Short-term borrowings

(i) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	<u>\$ -</u>	<u>-</u>
Unused credit lines	<u>\$ 670,884</u>	<u>626,324</u>
Range of interest rate	<u>-</u>	<u>-</u>

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

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Long-term borrowings

	December 31, 2021	December 31, 2020
Unsecured long-term bank loans	\$ 51,500	-
Less: Current portion	-	-
Total	<u>\$ 51,500</u>	<u>-</u>
Unused credit lines	<u>\$ 1,108,500</u>	<u>1,190,000</u>
Range of interest rate	<u>-</u>	<u>-</u>

As of December 31, 2021, the remaining balance of the borrowing due were as follows:

<u>Period</u>	<u>Amount</u>
2024.01.01 ~ 2024.12.31	\$ 10,813
2025.01.01 ~ 2025.12.31	13,000
2026.01.01 ~ 2026.12.31	12,813
2027.01.01 ~ 2027.12.31	12,750
2028.01.01 ~ 2028.12.31	2,124
	<u>\$ 51,500</u>

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

(j) Lease liabilities

	December 31, 2021	December 31, 2020
Current	<u>\$ 13,672</u>	<u>13,570</u>
Non-current	<u>\$ 308,798</u>	<u>322,470</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 204</u>	<u>216</u>

The amounts recognized in the statement of cash flows by the Company were as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 15,618</u>	<u>10,278</u>

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(i) Leases of land, buildings and structures

As of December 31, 2021, the Company 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 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 is as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 29,863	31,081
Fair value of plan assets	(19,029)	(18,938)
Net defined benefit liabilities	<u>\$ 10,834</u>	<u>12,143</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for 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 \$19,029 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

2) Movements in present value of the defined benefit obligations:

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

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 31,081	28,504
Benefit paid	(1,129)	(2,427)
Current service costs and interest cost	1,250	1,321
Remeasurements loss (gains)	<u>(1,339)</u>	<u>3,683</u>
Defined benefit obligations at December 31	<u><u>\$ 29,863</u></u>	<u><u>31,081</u></u>

3) Movements of defined benefit plan assets

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

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 18,938	19,262
Amounts contributed to plan	889	1,362
Benefits paid	(1,129)	(2,427)
Interest revenue	120	188
Remeasurements loss (gains)	<u>211</u>	<u>553</u>
Fair value of plan assets as of December 31	<u><u>\$ 19,029</u></u>	<u><u>18,938</u></u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 1,057	1,045
Net interest of net liability for defined benefit obligations	<u>73</u>	<u>88</u>
	<u><u>\$ 1,130</u></u>	<u><u>1,133</u></u>
Operating costs	497	121
Operating expense	<u>633</u>	<u>1,012</u>
	<u><u>\$ 1,130</u></u>	<u><u>1,133</u></u>

(Continued)

BIOTEQUE CORPORATION
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:

	<u>2021</u>	<u>2020</u>
Balance as of January 1	\$ (2,463)	667
Recognized in the current period	<u>1,550</u>	<u>(3,130)</u>
Balance as of December 31	<u><u>\$ (913)</u></u>	<u><u>(2,463)</u></u>

- 6) Actuarial assumptions

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

The defined benefit obligations:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.63 %	0.63 %
Future salary increase rate	1.50 %	1.50 %

Cost of the defined benefit plan assets:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.63 %	1.00 %
Future salary increase rate	1.50 %	1.50 %

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 \$889 thousand.

The weighted-average lifetime of the defined benefits plan is 13.02 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, 2021 and 2020, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
Balance as of December 31, 2021		
Discount rate	\$ 783	(815)
Future salary increase rate	789	(762)
Balance as of December 31, 2020		
Discount rate	888	(925)
Future salary increase rate	893	(862)

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined 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 \$8,042 thousand and \$8,531 thousand for the years ended December 31, 2021 and 2020, respectively.

(iii) Short-term benefit obligation

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Paid leave	<u>\$ 533</u>	<u>494</u>

(l) Income taxes

(i) Income tax expense

The components of income tax for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 116,211	107,618
Adjustment for prior periods	<u>878</u>	<u>(1,235)</u>
	<u>117,089</u>	<u>119,606</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(15,905)</u>	<u>(13,874)</u>
	<u>(15,905)</u>	<u>(13,874)</u>
Income tax expense	<u>\$ 101,184</u>	<u>105,732</u>

There was no income tax expense of the Company directly recognized in equity or other comprehensive income for the years ended December 31, 2021 and 2020.

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	\$ <u>532,441</u>	<u>594,397</u>
Income tax using the Company's domestic tax rate	\$ 106,488	118,879
Tax incentives	(9,808)	(16,333)
Adjustment for prior periods	878	(1,235)
Undistributed earnings additional tax	6,658	6,931
Others	<u>(3,032)</u>	<u>(2,510)</u>
Total	\$ <u>101,184</u>	<u>105,732</u>

(ii) Deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

	<u>Allowance for obsolete inventories</u>	<u>Unrealized exchange losses</u>	<u>Others</u>	<u>Total</u>
Balance as of January 1, 2021	\$ 697	1,234	1,811	3,742
Recognized in profit or loss	-	(1,145)	742	(403)
Balance as of December 31, 2021	\$ <u>697</u>	<u>89</u>	<u>2,553</u>	<u>3,339</u>
Balance as of January 1, 2020	\$ 697	1,631	1,765	4,093
Recognized in profit or loss	-	(397)	46	(351)
Balance as of December 31, 2020	\$ <u>697</u>	<u>1,234</u>	<u>1,811</u>	<u>3,742</u>

Deferred tax liabilities:

	<u>Unrealized investment income recognized under equity method</u>
Balance as of January 1, 2021	\$ 53,378
Recognized in profit or loss	(16,308)
Balance as of December 31, 2021	\$ <u>37,070</u>
Balance as of January 1, 2020	\$ 67,603
Recognized in profit or loss	(14,225)
Balance as of December 31, 2020	\$ <u>53,378</u>

(iii) The Company's income tax return for the year through 2019 were assessed by the Taipei National Tax Administration.

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(m) Capital and other equity

As of December 31, 2021 and 2020, the Company's authorized share capital consisted of 1,200,000 thousand shares of ordinary share, with a par value of \$10 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, 2021	December 31, 2020
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. If there are surplus profits remaining, at least 20% shall be allocated for distribution of shareholder dividends. The Board of Directors drafts a dividend distribution proposal and submits it to the shareholders meeting for resolution, in which cash dividends should make up at least 20% or more.

The Company should distribute dividends, bonuses, and capital reserves with cash. Distribution of dividends shall be undertaken by a resolution adopted by a majority vote at a Board meeting attended by at least two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.

Because the industry the Company is involved in is undergoing a steady period of growth, the conditions, amount, and type of dividends mentioned in the preceding articles can be adjusted in response to the shifting market conditions and industry changes. In the mean time, the Company should consider the sustainable development and capital needs.

(Continued)

BIOTEQUE CORPORATION
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 July 30, 2021 and June 9, 2020, the shareholder's meetings resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount per share</u>	<u>Amount</u>	<u>Amount per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.00	\$ <u>277,193</u>	4.00	<u>277,193</u>

On March 10, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriate as follows:

	<u>2021</u>	
	<u>Amount per share</u>	<u>Amounts</u>
Dividends distributed ordinary shareholders:		
Cash	\$ 4.50	\$ <u>311,843</u>

(iii) OCI accumulated in reserves, net of tax

	<u>Exchange differences on translation of foreign financial statements</u>
Balance at January 1, 2021	\$ (33,975)
Exchange differences on foreign operations	(16,645)
Balance at December 31, 2021	<u>\$ (50,620)</u>

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2020	\$ (1,714)
Exchange differences on foreign operations	<u>(32,261)</u>
Balance at December 31, 2020	<u><u>\$ (33,975)</u></u>

(n) Earnings per share

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

(i) Basic earnings per share

	2021	2020
Profit attributable to ordinary shareholders of the Company	\$ <u>431,257</u>	<u>488,665</u>
Weighted-average number of ordinary shares	<u>69,298</u>	<u>69,298</u>
Basic earnings per share (express in New Taiwan Dollar)	\$ <u><u>6.22</u></u>	<u><u>7.05</u></u>

(ii) Diluted earnings per share

	2021	2020
Profit attributable to ordinary shareholders of the Company	\$ <u>431,257</u>	<u>488,665</u>
Weighted-average number of ordinary shares (basic)	69,298	69,298
Effect of employee remuneration (in thousands)	<u>302</u>	<u>292</u>
Weighted-average number of ordinary shares (diluted)	<u>69,600</u>	<u>69,590</u>
Diluted earnings per share (express in New Taiwan Dollar)	\$ <u><u>6.20</u></u>	<u><u>7.02</u></u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021	2020
Primary geographical markets:		
Asia	\$ 755,043	672,555
South America	297,230	272,035
North America	172,757	283,890
Others	<u>482,855</u>	<u>602,687</u>
Total	<u><u>\$ 1,707,885</u></u>	<u><u>1,831,167</u></u>
Major products service lines:		
Manufacturing, trading and selling of medical equipment	<u><u>\$ 1,707,885</u></u>	<u><u>1,831,167</u></u>

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable (including related parties)	\$ 449,080	428,948	457,804
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 449,080</u>	<u>428,948</u>	<u>457,804</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Current contract liabilities	<u>\$ 28,128</u>	<u>56,919</u>	<u>36,658</u>

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, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$56,577 thousand and \$35,646 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, 2021 and 2020. 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, 2021 and 2020 the Company accrued and recognized its employee remuneration amounting to \$28,503 thousand and \$31,820 thousand, and its directors' and supervisors' remuneration amounting to \$9,121 thousand and \$10,182 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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(q) Non-operating income and expenses

(i) Interest income

	<u>2021</u>	<u>2020</u>
Interest income from RP bills	\$ 92	355
Interest income from deposit	9	12
Interest income from bank deposit	<u>456</u>	<u>379</u>
	<u>\$ 557</u>	<u>746</u>

(i) Other income

	<u>2021</u>	<u>2020</u>
Guarantee service revenue	\$ 347	192
Subsidy revenue	327	1,714
Compensation income	2,433	11
Others	<u>2,588</u>	<u>3,934</u>
	<u>\$ 5,695</u>	<u>5,851</u>

(ii) Other gains and losses

	<u>2021</u>	<u>2020</u>
Foreign exchange losses	\$ (6,759)	(15,510)
Gains (losses) on financial assets at fair value through profit or loss	(528)	(384)
Gains on disposal of property plant and equipment	4,557	4,961
Gains on financial assets at amortized cost	(3,711)	-
Others	<u>(643)</u>	<u>(220)</u>
	<u>\$ (7,084)</u>	<u>(11,153)</u>

(iii) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	\$ 2,048	841
Capitalized interest expense	<u>(1,844)</u>	<u>(625)</u>
	<u>\$ 204</u>	<u>216</u>

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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, 2021 and 2020, the notes and accounts receivable were from two major customers as follows:

	<u>Amount</u>	<u>Percentage of the company's trade receivables</u>
<u>December 31, 2021</u>		
Subsidiary	\$ 187,064	42
C2 Company	<u>59,087</u>	<u>13</u>
	<u>\$ 246,151</u>	<u>55</u>
<u>December 31, 2020</u>		
Subsidiary	\$ 155,190	36
C2 Company	<u>47,107</u>	<u>11</u>
	<u>\$ 202,297</u>	<u>47</u>

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. The movement in the allowance for notes and accounts receivable, please refer to note 4(f).

For the years ended December 31, 2021 and 2020, the impairment loss are not recognized and reserved.

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BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2021							
Non-derivative financial liabilities							
Notes payable	\$ 419	419	419	-	-	-	-
Accounts payable	156,010	156,010	156,010	-	-	-	-
Accounts payable-related parties	49,826	49,826	49,826	-	-	-	-
Other payable (including related parties)	107,013	107,013	107,013	-	-	-	-
Payable on machinery and equipment	172,701	172,701	172,701	-	-	-	-
Lease liabilities (current and non-current)	322,470	358,737	7,809	7,809	15,379	32,823	294,917
Long-term borrowings	51,500	52,023	-	-	-	37,102	14,921
	<u>\$ 859,939</u>	<u>896,729</u>	<u>493,778</u>	<u>7,809</u>	<u>15,379</u>	<u>69,925</u>	<u>309,838</u>
December 31, 2020							
Non-derivative financial liabilities							
Notes payable	\$ 59,113	59,113	59,113	-	-	-	-
Accounts payable	83,683	83,683	83,683	-	-	-	-
Accounts payable-related parties	30,844	30,844	30,844	-	-	-	-
Other payable (including related parties)	114,219	114,219	114,219	-	-	-	-
Payables on machinery and equipment	21,373	21,373	21,373	-	-	-	-
Lease liabilities (current and non-current)	336,040	374,356	7,809	7,809	15,619	39,265	303,854
	<u>\$ 645,272</u>	<u>683,588</u>	<u>317,041</u>	<u>7,809</u>	<u>15,619</u>	<u>39,265</u>	<u>303,854</u>

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:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 19,007	27.67	525,918	13,258	28.48	385,275
EUR	770	31.33	24,130	775	35.06	27,157
JPY	64,451	0.2406	15,504	32,198	0.2767	8,908
CNY	16,974	4.3450	73,751	11,429	4.3800	50,058
<u>Investments accounted for using equity method</u>						
USD	15,142	27.67	418,989	17,653	28.48	502,746
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,709	27.67	74,965	1,817	28.48	51,757
EUR	395	31.33	12,386	257	35.06	9,018
JPY	51,550	0.2406	12,400	42,616	0.2767	11,790

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

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, 2021 and 2020 would have increased (decreased), the net profit after tax by \$5,396 thousand and \$3,988 thousand, respectively. The analysis is performed on the same basis for 2020.

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, 2021 and 2020, foreign exchange profit (loss) (including realized and unrealized portions) were as follows;

	2021		2020	
	Exchange (loss) profit	Average rate	Exchange (loss) profit	Average rate
NTD	\$ (6,759)	-	(15,510)	-

(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 \$515 thousand and \$0 thousand for the years ended December 31, 2021 and 2020 with all other variable factors remain constant. This is mainly due to the Company's borrowing at floating rates.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(v) 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, 2021				
	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	\$ 139,526	139,526	-	-	139,526
Designated at fair value through profit or loss	27,670	27,670	-	-	27,670
Subtotal	<u>167,196</u>	<u>167,196</u>	<u>-</u>	<u>-</u>	<u>167,196</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	696,040	-	-	-	-
Financial assets measured at amortized cost	264,260	-	-	-	-
Notes and accounts receivables (including related parties)	456,977	-	-	-	-
Other financial assets	6,043	-	-	-	-
Subtotal	<u>1,423,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,590,516</u>	<u>167,196</u>	<u>-</u>	<u>-</u>	<u>167,196</u>
Financial liabilities measured at amortized cost					
Notes and accounts payables (including related parties)	\$ 206,255	-	-	-	-
Other payable (including related parties)	107,013	-	-	-	-
Payables on machinery and equipment	172,701	-	-	-	-
Lease liabilities (current and non-current)	322,470	-	-	-	-
Long-term borrowings	51,500	-	-	-	-
Total	<u>\$ 859,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 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	\$ 139,259	139,259	-	-	139,259
Designated at fair value through profit or loss	28,480	28,480	-	-	28,480
Subtotal	<u>167,739</u>	<u>167,739</u>	<u>-</u>	<u>-</u>	<u>167,739</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,039,435	-	-	-	-
Financial assets measured at amortized cost	120,527	-	-	-	-
Notes and accounts receivables (including related parties)	443,225	-	-	-	-
Other financial assets	3,748	-	-	-	-
Subtotal	<u>1,606,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,774,674</u>	<u>167,739</u>	<u>-</u>	<u>-</u>	<u>167,739</u>

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Notes and accounts payables (including related parties)	\$ 173,640	-	-	-	-
Other payable (including related parties)	114,219	-	-	-	-
Payables on machinery and equipment	21,373	-	-	-	-
Lease liabilities (current and non-current)	336,040	-	-	-	-
Total	<u>\$ 645,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 are 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).

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

- 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, 2021 and 2020, there were no change on the fair value hierarchy of financial asset.

(s) Financial risk management

(i) Overview

The Company has exposure 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 risk 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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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.

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, 2021 and 2020, 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, 2021 and 2020, the residual amounts of guarantees to the subsidiaries are \$152,185 thousand and \$128,160 thousand, respectively.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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.

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, 2021 and 2020, the Company's unused credit line amounted to \$1,779,384 thousand and \$1,816,324 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.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(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. The Company's debt-to-equity ratio at the end of the reporting period as of 31 December 2021 and 2020, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 994,654	918,149
Less: cash and cash equivalents	<u>696,040</u>	<u>1,039,435</u>
Net liabilities (assets)	<u>\$ 298,614</u>	<u>(121,286)</u>
Total equity	<u>\$ 2,803,177</u>	<u>2,664,208</u>
	<u>11%</u>	<u>(5)%</u>

The Company's debt-to-equity ratio doesn't change significantly as of December 31, 2021.

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

The Company's financial activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020 were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(h).
- (ii) Reconciliation of liabilities arising from financial activities was as follows:

	January 1, 2020	Cash flows	Non-cash changes Other	December 31, 2020
Lease liabilities (current and non- current)	<u>\$ 15,073</u>	<u>(9,436)</u>	<u>330,403</u>	<u>336,040</u>

The Company's financial activities which affect the current cash flow in 2021.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(b) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
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 2021 and 2020 were \$247,013 thousand and \$208,180 thousand, respectively, and the amounts of finished products purchased after processing in 2021 and 2020 were \$298,750 thousand and \$320,872 thousand, respectively, with the difference included in the processing cost of \$51,737 thousand and \$112,692 thousand, respectively.

(ii) Disposal of property, plant and equipment

<u>Relationship with the Company</u>	<u>2020</u>	
	<u>Amount of disposal</u>	<u>Gain from disposal</u>
BIOTEQUE MEDICAL PHIL.INC.	<u>\$ 606</u>	<u>-</u>

There was no such transaction in 2021.

(iii) Guarantee

The Company provides endorsement guarantee for subsidiaries, and the details of its were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
BIOTEQUE MEDICAL PHIL.INC.	<u>\$ 152,185</u>	<u>128,160</u>

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 2021 and 2020 were \$347 thousand and \$192 thousand, respectively, while the guarantee fees receivable for the years ended December 31, 2021 and 2020 were \$305 thousand and \$182 thousand, respectively, including other receivables-related parties.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iv) Receivables from related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Trade receivable-related parties	BIOTEQUE MEDICAL PHIL.INC.	\$ 178,512	149,253
Trade receivable-related parties	BONTEQ MEDICAL DISTRIBUTION PHIL.INC.	8,552	5,937
Other receivable-related parties	BIOTEQUE MEDICAL PHIL.INC.	7,897	14,277
		<u>\$ 194,961</u>	<u>169,467</u>

(v) Payables to related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable-related parties	BIOTEQUE MEDICAL PHIL.INC.	<u>\$ 49,826</u>	<u>30,844</u>

(d) Key management personnel compensation

Key management personnel compensation was comprised as below:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 25,986	27,362
Post-employment benefits	509	982
	<u>\$ 26,495</u>	<u>28,344</u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
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	173,721	175,904
Machinery and equipment	Credit of short-term borrowings	88	3,372
		<u>\$ 266,244</u>	<u>271,711</u>

(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 significant impact on its consolidated financial statements.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

(b) Notes issued as guarantee

	December 31, 2021	December 31, 2020
Long-and short-term borrowings	\$ 1,840,000	1,825,440

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

	December 31, 2021	December 31, 2020
Total contract price	\$ 1,038,831	1,081,564
Paid amount	\$ 584,518	135,355

(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 item	2021			2020		
	By function Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	143,445	92,712	236,157	166,347	95,123	261,470
Labor and health insurance	15,236	7,282	22,518	15,211	6,792	22,003
Pension	5,621	3,551	9,172	5,701	3,963	9,664
Remuneration of directors	-	7,198	7,198	-	7,969	7,969
Others	9,449	3,307	12,756	9,865	3,451	13,316
Depreciation (Note)	82,962	8,231	91,193	73,461	8,081	81,542
Amortization	1,561	2,957	4,518	1,319	2,718	4,037

(Note) The capitalized depreciation expenses of right-of-use assets amounting to \$7,960 and \$3,316 thousand were recognized as construction in progress for the years ended December 31, 2021 and 2020, respectively .

For the years ended December 31, 2021 and 2020, the number of employees and employee benefits were as follows:

	2021	2020
Number of employees	404	426
Number of non-employee directors	3	3
Average labor cost	\$ 700	724
Average salaries and bonus	\$ 589	618
Average salaries and bonus adjustment	(4.69)%	6.92 %
Compensation to the supervisors	\$ 2,403	2,693

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only Financial Statements

Information of company policy regarding to salary and remuneration:

The purpose that the Company formulates its salary and remuneration policy is to achieve its strategy goal, both short-term and long-term. Such goal is to sustain its business operation, and is achieved via recruiting efficient talents, inspiring work morale of all employees, sustaining outstanding human resources, keeping labor-management in harmony, sharing profit and involving both labor-management parties to the business operation. Internally, the policy should be based on the principal of fairness and consistency, yet reflect the Company's culture of performance oriented. It also needs to comply with the current and future organization's overall salary standard. Externally, by setting up the grade of overall salary and the reward system, the Company can ensure its competitiveness within the industry.

In accordance with article 20 of the Company Act, besides the routine salary and depending on the performance of the operation, if profitable, the Company should appropriate at least 5% of its annual profit as employee reward. Besides, to further motivate employees at all level and encourage them to explore their potentials, the Company also contributes certain percentage of its annual profit as performance and year-end bonus.

Board members:

In accordance with article 20 of the Company Act, if the Company incurs profit during the year, it should allocate no more than 1.6% of its profit as remuneration to the board members. Furthermore, the Company should execute the allocation only when the Company has retained earnings. The board members' remuneration policy is based on the directors' performance evaluation guidelines, the Company's overall operating performance and future operation needs. Reasonable remuneration is given by considering the individual's output to the Company's operation. The proposal is proposed by Remuneration Committee, to be approved by the Board for a resolution, then reported during the shareholders' meeting.

Management team:

The Company's policy for remuneration to the management team in accordance with the Company's regulation which is approved in the board meeting. According to the performance evaluation guidelines, the remuneration is based on the actual performance of an individual and its output to Company's operation, taking into consideration the remuneration distribution standards set by competitors and Human Resource department, as well as the standard decided by the Remuneration Committee, to be proposed to the Board for a resolution, then approved during the shareholders' meeting.

Employees:

Employees' salary rate is set based on the market rate, as well as the operation and organization structure of the Company. The rate is adjusted according to the changes in market salary rate, overall economic circumstance, industrial climate and modification of government regulations.

Each reward is regulated by the Company's reward distribution policy. If the Company incurs profit for the year, the profit shall first be used to pay tax, then offset against any deficit; thereafter, reserved for dividends. Subsequently, certain percentage of the remainder will be distributed as reward bonus to employees based on the evaluation of their performance.

(Continued)

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans 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)	Actual usage amount during the period (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 (Note 2)	Maximum limit of fund financing (Note 2)
													Item	Value		
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	Accounts receivable from related parties	Yes	114,120 (USD 4,000)	13,835 (USD 500)	13,835 (USD 500)	2.00%	2	-	Working Capital	-	None	-	17,025	17,025

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	Counterparty of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance of 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	156,915 (USD 5,500)	152,185 (USD 5,500)	96,845 (USD 3,500)	-	5.43 %	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
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	10,444	-	10,444	
"	Yuanta Wan Tai Money Market Fund	"	"	2,497	38,154	-	38,154	
"	Franklin Templeton Sinoam Money Market Fund	"	"	2,992	31,282	-	31,282	
"	Mega Diamond Money Market Fund	"	"	2,894	36,683	-	36,683	
"	JKO Pion Money Market Fund (Original name: Paradigm Pion Money Market Fund)	"	"	1,970	22,963	-	22,963	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY, LTD.	"	"	39	1,096	-	1,096	
"	China Steel Corporation	"	"	11	388	-	388	
"	UNITED MICROELECTRONICS CORP.	"	"	10	650	-	650	
"	EVERGREEN MARINE CORP. (TAIWAN) LTD.	"	"	-	30	-	30	
"	CHANG HWA CONNERCIAL BANK., LTD.	"	"	33	568	-	568	
"	TAISHIN FINANCIAL HOLDING CO., LTD.	"	"	70	1,319	-	1,319	
"	EXCELSIOR MEDICAL CO., LTD	"	"	10	576	-	576	
"	CTBC FINANCIAL HOLDING CO., LTD.	"	"	30	779	-	779	
"	First Financial Holding Co. Ltd.	"	"	30	742	-	742	
"	Taiwan Cooperative Financial Holding Co.,Ltd.	"	"	51	1,298	-	1,298	

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.

(Continued)

BIOTEQUE CORPORATION

Notes to the Parent-Company-Only Financial Statements

- (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 Counterparty 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	Factory construction and Engineering (Yilan Science Park)	2020/11/19	877,000	As of December 31, 2021, the price paid \$420,960 thousand.	FENG YU UNITED ENGINEERING CO., LTD.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
The Company	Hydropower Fire Engineering Contract (Yilan Science Park)	2020/11/27	163,000	As of December 31, 2021, the price paid \$28,688 thousand.	YUNG LONG ELECTRIC EQUIPMENT ENTERPRISE CO., LTD.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
The Company	Contract of clean room construction and procurement of clean room equipment (Yilan Science Park)	2021/10/7	192,150	As of December 31, 2021, the price paid \$0 thousand.	MARKETECH INTERNATIONAL CORP.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	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	Related 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	186,409	1.42 %	-	-	24,576	-

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, 2021 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits (losses) of investee	Remark
				December 31, 2021	December 31, 2020	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	16,349	16,349	500	100.00 %	17,024	(711)	(711)	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00 %	31,466	1,500	1,500	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	299,315	4,881	100.00 %	401,965	31,895	31,895	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00 %	28,019	7,434	7,434	Investment through subsidiary

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(Continued)

BIOTEQUE CORPORATION
Notes to the Parent-Company-Only 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		6,131,000	8.84 %
Ke Yue Co., Ltd.		3,139,000	5.39 %

(14) Segment information:

Please see the consolidated financial statements for the year ended December 31, 2021.

BIOTEQUE CORPORATION
Statement of cash and cash equivalents
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amounts</u>
Cash on hand	Petty cash	\$ <u>736</u>
Cash in banks:		
Demand deposits		626,748
Checking accounts		12,966
Foreign currency deposits	USD1,160,972.39, @27.67	32,124
	JPY10,579,987.22, @0.24055	2,543
	EUR467,846.07, @31.33	14,657
	CNY1,442,028.74, @4.35	<u>6,266</u>
	Subtotal	<u>695,304</u>
		<u>\$ 696,040</u>

BIOTEQUE CORPORATION

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units (in thousand)	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price (in dollars)	Total amount		
Capital Money Market Fund		641	\$ -	-	- %	10,042	16.2971	10,444	-	
Yuanta Wan Tai Money Market Fund		2,497	-	-	- %	35,935	15.2790	38,154	-	
Frankline Templeton Sinoam Money Market Fund		2,992	-	-	- %	30,000	10.4537	31,282	-	
Mega Diamond Money Market Fund		2,894	-	-	- %	35,055	12.6776	36,683	-	
JKO Pion Money Market Fund (Original name: Paradigm Pion Money Market Fund)		1,970	-	-	- %	22,000	11.6576	22,963	-	
Bonds with a rating of BBB-or better by the standard & poor's		-	-	-	- %	28,450	-	27,670	-	
				\$ -		<u>161,482</u>		<u>167,196</u>	-	

BIOTEQUE CORPORATION**Statement of notes receivable****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Client name</u>	<u>Amount</u>
A Company	\$ 19,496
B Company	13,533
C Company	11,826
D Company	8,471
E Company	7,456
Other (Each amount is less than 5% of the balance)	<u>2,522</u>
	<u><u>\$ 63,304</u></u>

Statement of accounts receivables

<u>Item</u>	<u>Amount</u>
Subsidiary	\$ 187,064
A Company	59,087
B Company	14,047
C Company	13,693
D Company	10,330
Other (Each amount is less than 5% of the balance)	<u>101,555</u>
	<u><u>\$ 385,776</u></u>

BIOTEQUE CORPORATION

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Raw material	\$ 130,280	130,280	Note
Work in progress	48,820	48,820	Note
Finish goods	59,983	59,528	
Merchandise	3,564	3,401	
Raw materials in transit	<u>6,289</u>	<u>6,289</u>	Note
Total	248,936	<u>248,318</u>	
Less: provision of valuation of inventories losses	<u>(3,494)</u>		
	<u>\$ 245,442</u>		

(Note): This inventory is for subsequent manufacturing use, it is not intended to be sold directly, according to the market value of the manufactured goods to calculate its cost, due to its market price is higher than the cost, therefore its cost is listed as the market price.

Statement of other current assets

<u>Item</u>	<u>Amount</u>
Payment on behalf of others	\$ 1,664
Excess business tax paid	2,981
Tax refund receivable	10,703
Prepayment to suppliers	4,792
Prepaid insurance premiums	3,214
Prepaid expense	2,737
Temporary debits	<u>269</u>
	<u>\$ 26,360</u>

BIOTEQUE CORPORATION
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Name	Beginning balance		Increase		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price (dollars)	Total amount		
BIOTEQUE MEDICAL CO., LTD.	500	\$ 117,926	-	-	-	100,902 (Note 1)	500	100.00 %	17,024	34.05	17,024	No	
CHUNGTEX INVESTMENT CO., LTD.	2,880	30,239	-	1,500 (Note 2)	-	273 (Note 3)	2,880	100.00 %	31,466	10.93	31,466	No	
BIOTEQUE MEDICAL PHIL. INC.	4,481	384,820	-	36,664 (Note 4)	-	19,519 (Note 5)	4,481	100.00 %	401,965	89.70	401,965	No	
		<u>\$ 532,985</u>		<u>38,164</u>		<u>120,694</u>			<u>450,455</u>		<u>450,455</u>		

(Note 1) Comprised of losses on investment income \$(711) thousand and exchange differences on translation for foreign financial statements \$(2,184) thousand and dividends received \$(98,007) thousand.

(Note 2) Comprised of gains on investment income \$1,500 thousand.

(Note 3) Comprised of gains on dividends received \$273 thousand.

(Note 4) Comprised of gains on investment income \$31,895 thousand and deferred credits \$4,769 thousand.

(Note 5) Comprised of exchange differences on translation for foreign financial statements \$(14,461) thousand, unrealized loss \$(4,846) thousand and deferred debits \$(212) thousand.

BIOTEQUE CORPORATION**Statement of other non-current assets****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other non-current assets	IT software expense	\$ <u><u>3,512</u></u>

Statement of other financial assets**(current and non-current)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other current financial assets	Restricted deposits	\$ 601
	Other	<u>2,753</u>
		<u>\$ 3,354</u>
Other non-current financial assets	Guarantee deposits paid	<u>\$ 2,689</u>

BIOTEQUE CORPORATION**Statement of notes payable****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
A Company	\$ <u><u>419</u></u>

Statement of accounts payables (including related parties)

<u>Item</u>	<u>Amount</u>
Subsidiary	\$ 49,826
A Company	19,964
B Company	14,485
C Company	11,407
Other (Each amount is less than 5% of the balance)	<u>110,154</u>
	<u>\$ <u>205,836</u></u>

BIOTEQUE CORPORATION

Statement of other payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Employee compensation and directors remuneration payables	\$ 37,624
Accrued bonus	19,909
Wages and salaries payable	14,179
Others	<u>35,301</u>
	<u>\$ 107,013</u>

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Building and structures	Parking lot	2019.1.1~2021.12.31	0.91%	\$ 239	
Building and structures	Office	2020.4.1~2025.12.3	0.91%	15,397	
Building and structures	Warehouse	2020.1.1~2023.12.31	0.91%	3,233	
land	Factory	2020.8.1~2059.12.31	0.91%	<u>303,601</u>	
Subtotal				322,470	
Current portion				<u>(13,672)</u>	
Total				<u>\$ 308,798</u>	

BIOTEQUE CORPORATION
Statement of other current liabilities
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Receipts under custody	<u>\$ 5,420</u>

Statement of operating revenue
For the year ended December 31, 2021

Item	Amount
Catheter of TPU	\$ 456,905
Bloodline Tube	320,102
IV Bag	225,033
AVF Needle	280,352
Surgical Tubing	120,903
Components	44,446
Catheters of Cardiovascular	99,326
Others	160,818
	<u>\$ 1,707,885</u>

BIOTEQUE CORPORATION

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Cost of outsourced goods	
Beginning balance (Amount before deducting allowance to reduce inventory to market)	\$ 1,840
Add: Purchase	26,180
Less: Ending balance (Amount before deducting allowance to reduce inventory to market)	3,564
Losses on physical inventories	1
Transferred to expenses	83
Subtotal	24,372
Cost of self-produced goods:	
Beginning balance of raw materials	121,652
Add: Purchase (including inventory transit)	375,313
Gains on physical inventories	1,551
Less: Ending balance of raw materials (including inventory in transit)	136,569
Transferred to expenses	20,335
Raw materials consumed	341,612
Direct labor	146,058
Manufacturing overhead	192,375
Manufacturing costs	680,045
Add: Beginning balance of work in process	49,093
Purchase	36,668
Gains of physical inventories	195
Less: Ending balance of work in process	48,820
Transferred to expenses	3,775
Cost of finished goods	713,406
Add: Beginning balance of finished goods	49,552
Purchase	261,683
Less: Ending balance of finished goods (amount before deducting allowance to reduce inventory to market)	59,983
Transferred to expenses	3,200
Others	1,574
Cost of sales of finished goods	959,884
Gains on physical inventories	(1,745)
Loss on valuating of inventories	12
Operating costs	\$ 982,523

BIOTEQUE CORPORATION**Statement of selling expenses****For the year ended December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Freight	\$ 36,777
Payroll	17,293
Export expense	5,591
Other (Each amount is less than 5% of the balance)	<u>21,155</u>
	<u>\$ 80,816</u>

Statement of administrative expenses

<u>Item</u>	<u>Amount</u>
Payroll	\$ 42,515
Remuneration of directors and supervisors	9,121
Professional services fee	4,815
Other (Each amount is less than 5% of the balance)	<u>13,626</u>
	<u>\$ 70,077</u>

BIOTEQUE CORPORATION
Statement of research and development expenses
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Payroll	\$ 32,904
Testing	13,616
Other expense	7,951
Other (Each amount is less than 5% of the balance)	<u>14,359</u>
	<u>\$ 68,830</u>

Statement of financial assets at amortized cost, please refer to note 6(c).

Statement of other receivable-related parties, please refer to note 7(c).

Statement of changes in cost and accumulated depreciation of the property, plant and equipment, please refer to note 6(g).

Statement of changes in cost and accumulated depreciation of the right-of-use assets, please refer to note 6(h).

Statement of defined benefit liability, please refer to note 6(k).

Statement of deferred tax assets and liabilities, please refer to note 6(l).

Statement of interest income, please refer to note 6(q).

Statement of other income, please refer to note 6(q).

Statement of other gains and losses, please refer to note 6(q).

Statement of finance costs, please refer to note 6(q).

Statement of functional aggregation of employee benefits, depreciations, depletion and amortization, please refer to note 12.