

Ticker Symbol: 4107



BIOTEQUE CORPORATION

2020 General Shareholders' Meeting

Handbook

Notice to readers

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

June 9, 2020

Venue: Conference Room on the fourth floor of the Yilan Plant of the Company

Address: No. 5, Ziqiang Road, Longde Industrial Park, Longde Li, Suao Township, Yilan County

Table of Contents

I. Meeting Procedures.....	1
II. Meeting Agenda	2
1. Report Items	3
2. Proposals.....	5
3. Motions	7
4. Adjournment.....	7
III. Attachment	8
1. Business Report.....	8
2. Supervisor’s Review Report.....	14
3. Independent Auditors’ Report And 2019 Parent-Company-Only Financial Statements.....	15
4. Independent Auditors’ Report And 2019 Consolidated Financial Statements.....	24
IV. Appendixes	32
(1) Articles of Incorporation	32
(2) Rules and Procedure for Shareholders’ Meetings.....	38
(3) Shareholding Status of Directors and Supervisors.....	42

I. Meeting Procedures

BIOTEQUE CORPORATION

2020 General Shareholders' Meeting

1. Meeting Called to Order
2. Chairman Takes the Chair
3. Chairman Addresses
4. Management Presentation (Company Reports)
5. Proposals
6. Questions and Motions
7. Adjournment

II. Meeting Agenda

BIOTEQUE CORPORATION

2020 General Shareholders' Meeting Agenda

Time: 10:00 am, Tuesday, June 9, 2020

Place: No. 5, Ziqiang Road, Longde Industrial Park, Longde Li, Suao Township, Yilan County
(Conference Room on the fourth floor of the Plant of the Company)

1. Meeting Called to Order (It is announced that the attendance and the shares represented have met the quorum)
2. Chairman Takes the Chair
3. Chairman Addresses
4. Report Items
 - (1) 2019 Business Report and 2020 Business Plan
 - (2) Review results of the 2019 Business Report and Financial Statements by the supervisors
 - (3) Distribution of the Company's remunerations to its employees, directors and supervisors in 2019
 - (4) Endorsements and guarantees of the Company
5. Proposals
 - (1) Business Report and Financial Statements of 2019
 - (2) Distribution of earnings of 2019
6. Motions
7. Adjournment

1. Report Items

1. 2019 Business Report and 2020 Business Plan

Explanatory Notes: 1. The operating revenue of the Company throughout 2019 was NT\$1,858,900,000 and the after-tax profit came to NT\$464,172,000.

2. For the Business Report, please refer to Attachment 1 of this handbook.

3. They are enclosed here for future reference.

2. Review results of the 2019 Business Report and Financial Statements by the supervisors

Explanatory Notes: For the review results of the 2019 Business Report and Financial Statements by the supervisors, refer to Attachment 2 of this handbook.

3. Distribution of the Company's remunerations to its employees and directors and supervisors in 2019.

Explanatory Notes: 1. The total value of remunerations assigned to directors and supervisors was NT\$10,044,535 and that to employees was NT\$31,389,172.

2. All were distributed in cash.

4. Endorsements and guarantees of the Company.

Explanatory Notes :1.To meet the operating needs of subsidiaries, the Company provided its subsidiaries with financing guarantee.

2. As of March 31, 2020, the total amount of endorsements and guarantees of the subsidiary in the Philippines came to US\$4,000,000.

3.As of March 31, 2020, the outstanding balance was US\$166,666.64.

4. Neither of the overall amount of endorsements and guarantees of the Company nor the amount to any single enterprise exceeded the limit.

2. Proposals

(By Board of Directors)

Item#1: Business Report and Financial Statements of 2019

- Explanatory Notes:
1. Both the parent-company-only financial statements and the consolidated financial statement of the Company were completely audited by the two CPAs, namely Ya-Lin Chen and Yen-Da Su of KPMG. The foregoing financial statements, the Business Report and the Earnings Distribution Table were approved by the Company's Board of Directors and completely reviewed by the supervisors and no discrepancy has been found.
 2. For the Business Report, the CPA Audit Report, and the 2019 parent-company-only Financial Statements and Consolidated Financial Statement, refer to Attachment 1, 3, and 4 of this handbook.
 3. They are brought forth for your recognition.

Resolution:

Item#2: Distribution of earnings of 2019

- Explanatory Notes:
1. This is handled in accordance with the Company Act and the Company's Articles of Incorporation.
 2. The Earnings Distribution Table is given below:

BIOTEQUE CORPORATION
EARNINGS DISTRIBUTION TABLE

2019

Unit: NTD

Item	Amount	Remarks
Beginning retained earnings	693,834,111	
Plus: After-tax net profit of 2019	464,171,818	
Plus: Actuarial equities	1,119,774	
Less: Appropriation of 10% as legal reserve	(46,417,182)	
Less: Appropriation of special reserve Difference in exchange from the conversion of financial statements of	(1,713,870)	

overseas operating entities (1,713,870)		
Less: Disposal of equity instruments measured at fair value through other comprehensive gains and losses	(1,340,287)	
Distributable net profit	1,109,654,364	
Less: Distribution item Common stock dividend	(277,193,344)	\$4 per share
Ending Undistributed retained earnings	832,461,020	

Note: \$4 is assigned per share as cash dividend of common stock and the total value released came to \$277,193,344. Earnings from 2019 were prioritized in the current distribution of earnings.

3. For the current distribution, exclusive cash dividends are intended. The cash dividend is rounded to \$1. For the redundancies less than \$1, they are appropriated to the Company's Employee Welfare Committee.
4. For the current proposal on the distribution of cash dividends, it is intended to be brought forth for a decision and approval through the General Shareholders' Meeting and the Board of Directors is authorized to set the ex-dividend base date.
5. In case of any impact on the circulating shares of the Company due to its change in capital stock and the accordingly altered dividend distribution rate for the shareholders, once it is decided and approved through the General Shareholders' Meeting, the Chairman is authorized to make related adjustments regarding the dividend distribution rate.
6. They are brought forth for your recognition.

Resolution:

3. Motions

4. Adjournment

III. Attachment

1. Business Report

Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen,

Hope everyone is well.

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

1. 2019 Business Report

1. Accomplishment:

Unit: NT\$1,000 ; %

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

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

3. Income, expenditures and profitability analysis:

Unit: NT\$ 1,000 ; %

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

Earnings per share (\$)	6.70	5.84
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4. Research and development status:

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

R&D Group 1	R&D Group 2	R&D Group 3
<ol style="list-style-type: none"> 1. Short-acting dialysis catheter_variant 2. Drainage catheter_Optimization of the flat tip of the catheter 3. Drainage catheter_design and development of hollow inner needles 4. Biliary catheter variant 5. Expansion tube_Optimization of the product manufacturing process 6. Development of non-DEHP drainage bags 7. Guide wire (new) 8. Large catheter patch 9. Drainage bag_variant 10. Catheter surface treatment (introduction for testing the mass production of plasma devices in small quantities) 11. Development of non-DEHP connecting hoses 12. Development of centesis catheter needles 13. OEM product_introduction for the mass production of silicon hoods 14. OEM product_introduction for the mass production of insulated heaters 15. OEM product_development of the die for the fixating joint of 	<ol style="list-style-type: none"> 1. Invention patent obtained in Taiwan: drainage device 2. Invention patent obtained in Taiwan: dilation tube and the manufacturing technique for its distal penetrating tip 3. Cardiovascular catheter with a dual-purpose strain relief element on the hub (extended utilization of the invention patent of Bioteque in Taiwan) 4. Minimal feasible solution of the positioner with embedded radiopaque (X-ray) element for the ureteral stent (extended utilization of the novel patent in Taiwan) 5. Ureteral Stent with minimum irritancy special coil for patients (extended utilization of the novel patent of Bioteque in Taiwan) 6. Establishment of catheter buckling measurement technology (industry-academia cooperation) 7. Research of passive support provided by the shape of a cardiovascular catheter (industry-academia cooperation) 8. Stent for use in endoscopic pyelotomy 9. Ureteral tumor stent 10. Establishment of the technology for prolonged and minimally invasive pointed-end cardiovascular imaging tube 11. Steerable positioned for the ureteral stent 12. Ultrasound high-frequency 	<ol style="list-style-type: none"> 1. Beta 72-hour closed suction tube 2. Closed suction tube – one way valve 3. Radiopaque closed suction tube 4. Pediatric 10-color printing closed suction tube 5. Detachable suction tube 6. Female luer lock cap- extended rib style 7. Glue dispenser - only for outside diameter of catheter 8. CAPD detachable connector 9. Easily operable large size clip - Hymodialysis blood tubing set use 10. Respiratory endotracheal tube 11. Respiratory oxygen tubing 12. Respiratory nasal oxygen cannula 13. Respiratory oxygen mask 14. Respiratory tracheostomy tube 15. Respiratory tracheal Tube Introducer

R&D Group 1	R&D Group 2	R&D Group 3
<p>cystoscope needles</p> <p>16. Preparation of materials for the sample submitted to apply for the 510 K Certificate in the US</p>	<p>vibration precise cutting utilization and development</p> <p>13. Feasibility study of hydrophilic thin coating on the surface of the fluorine material</p> <p>14. 3D-shape (3DRC) cardiovascular imaging catheter</p> <p>15. 3D-shape (TWST) peripheral vascular imaging catheter</p> <p>16. Microwire (with an outside diameter of 0.021" and lower) exclusive torque operator</p> <p>17. Automatic assembly of wire dispensers</p> <p>18. Vertebral artery vascular imaging catheter for use during a stroke diagnosis</p> <p>19. Ureteral dilatation balloon catheter with a balloon pressure resistance exceeding 20 atm</p> <p>20. Ureteral stent with axial dual-durometer</p> <p>21. Optimized balloon shape to facilitate smoothly withdrawal of the catheter after surgery</p>	

2. Overview of the 2020 Business Plan

(1) Operation Policy

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

(2) Expected Sales and Rationales:

Expected sales of products of the Company in 2020

Unit: ten thousand pieces

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

As the number of purchase orders grows steadily, the Company is proactively promoting Industry 4.0 with the introduction of automated production equipment, MES, and APS smart production software to enhance the overall shipment sizes and to realize quick deliveries while providing customers with service. According to the market intelligence for the healthcare industry, the forecast remains positive. Better performance in terms of revenue and profitability in the future is expected.

(3) Important Production and Distribution Plan

This year, the Company will proactively develop new products, new customer bases, and will enforce more flexible strategies and maximize the development of high-end catheters to realize more complete combinations of products. The product structure will be adjusted in order to enhance the overall gross margin for the Company. Higher value-added products will be researched and developed to reflect trends on the market and to satisfy the needs of customers. Meanwhile, we will manage to connect with international heavyweights and seek strategic alliances and partnerships with them in order to improve key technologies. In addition, the Company will further reinforce its collaboration with major upstream raw material suppliers to ensure steady quality and worry-free sources of raw materials. Meanwhile, in order to explore domestic and international markets, besides more proactive deployment of sales networks on the global market, existing partnerships will be further strengthened in order to secure domestic and international markets and to enhance the market share.

3. Future Operation Environment and Development Strategy

(I) External competition

(1) Domestically

Each year there is a headcount of around 9.36 million people on dialysis domestically at the moment. The dialysis products of Bioteque are consistently single-use disposable consumables. Bioteque has been a benchmark brand in dialysis treatment domestically. The outstanding and steady quality of high-end internal catheters, in particular, are highly competitive. They have replaced imported ones extensively to greatly reduce the dependency the domestic market has on imported options of high-end medical consumables. In the supply of flexible bags, on the other hand, there are already several well-known pharmaceutical companies in the country working with the Company over the long term.

(2) Internationally

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

(II) Regulatory Background

GMP is required for medical products to be sold domestically and in Europe, ISO 13485 and CE are a must. In the US, on the other hand, there is the FDA 510K and in Mainland China the NMPA. In Japan there is the JIS and Japan's Pharmaceutical Affairs Law, and Korea has the MFDS. Products need to meet one rigid regulatory requirement after another and fulfill establishment inspection criteria in order to be able to be sold worldwide. Despite the high domestic and international regulatory requirements, the Company has been leaving no effort in getting certifications, which are passes for distributions, and in quickly securing purchase orders.

(III) Overall Operational Environment

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

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

(4) Development Strategy in the Future

This year, the Company will continue to proactively develop new products, maximize the development of internal catheters used at respective departments, realize more complete combinations of products, adjust the product structure in order to enhance the overall gross margin for the Company, research and develop higher value-added products, go with the market trends and satisfy the needs of customers, and manage to connect with international heavyweights and seek strategic alliance and partnerships with them in

order to improve key technologies. In addition, the Company will further reinforce its collaboration with major upstream raw material suppliers to ensure steady quality and worry-free sources of raw materials. In order to explore domestic and international markets and new customer bases, more flexible strategies will be enforced and collaboration and alliance with overseas distributors will be enhanced to deploy a more complete distribution network and partnerships with customers will be further reinforced in order to secure domestic and foreign markets and to enhance the market share.

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

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

BIOTEQUE CORPORATION

Chairman: Zong-Li Cai

General Manager: Ming-Zhong Li

Head of Accounting: Pei-Zhi Zhong

2. Supervisor's Review Report

BIOTEQUE CORPORATION

Supervisor's Review Report

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

To

BIOTEQUE CORPORATION

2020 General Shareholders' Meeting

Supervisor: Ying-Ling Li

Zhen-Pan Hong

(Representative of King Polytechnic Engineering Co., Ltd.)

Xing Wang

March 11, 2020

3. Independent Auditors’ Report And 2019 Parent-Company-Only Financial Statements

Independent Auditors’ Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the financial statements of Bioteque Corporation(“the Company”), which comprise the balance sheet as of December 31, 2019 and 2018, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Provision for impairment of accounts receivable

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

The Company engages in manufacturing and selling the medical device. As of December 31, 2019, the amount of the accounts receivable is \$204,466 thousand. The recovery ability of amounts due is concerned by the Managements’ judgment. Consequently, the assessment of accounts receivable has been identified as a key audit matter.

How the matter was addressed in our audit

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

2. Evaluation of inventories

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

The Company engage in manufacturing the medical device. As of December 31, 2019, the amount of the inventories is \$190,222 thousand. Since the loss on valuation of inventories and obsolescence is based on the Managements’ judgment. Consequently, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit

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

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

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

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

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

Auditor’ s Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 795,428	27	736,744	27	2100	Short-term borrowings (notes 6(i) and 8)	\$ -	-	25,000	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	138,683	5	137,938	5	2130	Current contract liabilities (note 6(o))	36,658	1	33,882	1
1150	Notes receivable, net (notes 6(d) and (o))	62,182	2	65,953	3	2150	Notes payable	39,808	1	37,726	1
1170	Accounts receivable, net (notes 6(d) and (o))	204,466	7	194,199	7	2170	Accounts payable	66,441	2	75,147	3
1180	Accounts receivable—related parties, net (notes 6(d), (o) and 7)	191,156	7	158,683	6	2180	Accounts payable—related parties (note 7)	28,417	1	17,566	1
1210	Other receivables—related parties (note 7)	60,534	2	13,311	-	2209	Other payables (including related parties) (notes 6(k), (p) and 7)	117,373	4	95,315	4
130X	Inventories (note 6(e))	190,222	6	196,097	7	2213	Payable on machinery and equipment	4,712	-	5,941	-
1476	Other current financial assets (note 8)	963	-	1,801	-	2230	Current tax liabilities	61,446	3	60,936	2
1479	Other current assets	37,654	1	16,764	1	2280	Current lease liabilities (note 6(j))	4,609	-	-	-
	Total current assets	<u>1,681,288</u>	<u>57</u>	<u>1,521,490</u>	<u>56</u>	2399	Other current liabilities	17,985	1	3,113	-
							Total current liabilities	<u>377,449</u>	<u>13</u>	<u>354,626</u>	<u>13</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	237	-	2570	Deferred tax liabilities (note 6(l))	67,603	3	51,521	2
1550	Investments accounted for using equity method (notes 6(f) and 7)	644,247	22	588,522	21	2580	Non-current lease liabilities (note 6(j))	10,464	-	-	-
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	506,384	17	536,449	20	2640	Net defined benefit liability, non-current (note 6(k))	9,242	-	10,098	-
1755	Right-of-use assets (note 6(h))	15,016	1	-	-		Total non-current liabilities	<u>87,309</u>	<u>3</u>	<u>61,619</u>	<u>2</u>
1840	Deferred tax assets (note 6(l))	4,093	-	2,657	-		Total liabilities	<u>464,758</u>	<u>16</u>	<u>416,245</u>	<u>15</u>
1915	Prepayments for business facilities (note 9)	94,625	3	77,348	3	Equity (notes 6(k) and (m)):					
1980	Other non-current financial assets	1,195	-	1,216	-	3100	Ordinary shares	692,983	23	692,983	25
1995	Other non-current assets	6,037	-	2,353	-	3200	Capital surplus	315,168	11	315,168	12
	Total non-current assets	<u>1,271,597</u>	<u>43</u>	<u>1,208,782</u>	<u>44</u>		Retained earnings:				
						3310	Legal reserve	323,903	11	283,404	11
						3320	Special reserve	-	-	6,459	-
						3350	Unappropriated retained earnings	1,157,787	39	1,005,069	37
								<u>1,481,690</u>	<u>50</u>	<u>1,294,932</u>	<u>48</u>
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(1,714)	-	12,259	-
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	(1,315)	-
								<u>(1,714)</u>	<u>-</u>	<u>10,944</u>	<u>-</u>
							Total equity	<u>2,488,127</u>	<u>84</u>	<u>2,314,027</u>	<u>85</u>
Total assets		<u>\$ 2,952,885</u>	<u>100</u>	<u>2,730,272</u>	<u>100</u>		Total liabilities and equity	<u>\$ 2,952,885</u>	<u>100</u>	<u>2,730,272</u>	<u>100</u>

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

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

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

	2019		2018	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(o) and 7)	\$ 1,692,919	100	1,518,118	100
5000 Operating costs (notes 6(e), (g), (k) and 12)	979,716	58	896,928	59
5900 Gross profit from operations	713,203	42	621,190	41
5910 Less: Unrealized profit from sales	10,160	-	3,038	-
Net gross profit	703,043	42	618,152	41
6000 Operating expenses (notes 6(g), (h), (k), (p), 7 and 12):				
6100 Selling expenses	71,637	4	68,183	4
6200 Administrative expenses	77,938	5	72,427	5
6300 Research and development expenses	51,473	3	37,961	3
Total operating expenses	201,048	12	178,571	12
6900 Net operating income	501,995	30	439,581	29
7000 Non-operating income and expenses (notes 6(q) and 7):				
7010 Other income	14,683	1	15,383	1
7020 Other gains and losses	(4,766)	-	17,064	1
7050 Finance costs	(418)	-	(699)	-
7375 Share of profit of subsidiaries for using equity method	74,856	4	41,242	3
Profit from continuing operations before tax	586,350	35	512,571	34
7950 Less: Income tax expenses (note 6(l))	122,178	7	107,574	7
Profit	464,172	28	404,997	27
8300 Other comprehensive income (note 6(k)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	1,120	-	(2,605)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(26)	-	(91)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	1,094	-	(2,696)	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8380 Share of other comprehensive income of subsidiaries accounted for using equity method	(13,973)	(1)	17,494	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(13,973)	(1)	17,494	1
8300 Other comprehensive income (after tax)	(12,879)	(1)	14,798	1
8500 Total comprehensive income	\$ 451,293	27	419,795	28
9750 Basic earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)	\$ 6.70		5.84	
9850 Diluted earnings per share (note 6(n)) (Expressed in New Taiwan Dollars)	\$ 6.67		5.81	

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

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

BIOTEQUE CORPORATION**Statements of Changes in Equity****For the years ended December 31, 2019 and 2018****(expressed in thousands of New Taiwan Dollars)**

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

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

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

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

	2019	2018
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 586,350	512,571
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	68,978	60,864
Amortization expense	2,713	4,228
Unrealized profit from sales	10,160	3,038
Net gain on financial assets at fair value through profit or loss	(745)	(604)
Interest expense	418	699
Interest income	(2,380)	(3,274)
Share of profit of subsidiaries for using equity method	(74,856)	(41,242)
Gain on disposal of property, plant and equipment	(5,002)	(4,824)
Total adjustments to reconcile profit	(714)	18,885
Changes in operating assets:		
Notes receivable	3,771	2,898
Accounts receivable	(10,267)	(16,315)
Accounts receivable—related parties	(32,473)	(60,842)
Other receivable—related parties	(46,795)	8,983
Inventories	5,875	(44,162)
Other current assets	(20,890)	3,348
Other financial assets—current	120	(422)
Total changes in operating assets	(100,659)	(106,512)
Changes in operating liabilities:		
Current contract liabilities	2,776	33,882
Notes payable	2,082	(5,392)
Accounts payable	(8,706)	23,317
Accounts payable—related parties	10,851	(7,024)
Other payable	21,017	5,625
Other payable—related parties	1,069	16
Other current liabilities	14,872	(22,653)
Net defined benefit liability	264	202
Total changes in operating liabilities	44,225	27,973
Total changes in operating assets and liabilities	(56,434)	(78,539)
Total adjustments	(57,148)	(59,654)
Cash inflow generated from operations	529,202	452,917
Interest received	3,098	2,596
Income taxes paid	(107,022)	(79,186)
Net cash flows generated from operating activities	425,278	376,327
Cash flows generated from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	211	-
Acquisition of investments accounted for using equity method	-	(68,420)
Acquisition of property, plant and equipment	(12,285)	(15,432)
Proceeds from disposal of property, plant and equipment	3,591	955
Increase in other receivable due from related parties	(428)	-
Decrease (increase) in other non-current financial assets	21	(182)
(Increase) decrease in other non-current assets	(6,397)	66,079
Increase in prepayments for business facilities	(42,857)	(77,530)
Decrease in payables on machinery and equipment	(1,229)	(3,443)
Dividends received	-	170
Net cash flows used in investing activities	(59,373)	(97,803)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	140,000	25,000
Decrease in short-term loans	(165,000)	(80,000)
Payment of lease liabilities	(4,582)	-
Cash dividends paid	(277,193)	(242,544)
Interest paid	(446)	(691)
Net cash flows used in financing activities	(307,221)	(298,235)
Net increase in cash and cash equivalents	58,684	(19,711)
Cash and cash equivalents at beginning of period	736,744	756,455
Cash and cash equivalents at end of period	\$ 795,428	736,744

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

4. Independent Auditors' Report And 2019 Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the consolidated financial statements of Bioteque Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Provision for impairment of accounts receivable

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

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

How the matter was addressed in our audit

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

2. Evaluation of inventories

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

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

How the matter was addressed in our audit

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

Other Matter

Bioteque Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2020

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets					Liabilities and Equity						
Current assets:					Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 1,054,596	36	926,601	33	2100	Short-term borrowings (notes 6(h), 6(u) and 8)	\$ -	-	25,000	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	178,118	6	176,325	6	2130	Current contract liabilities (notes 6(o))	36,709	1	33,923	1
1150	Notes receivable, net (notes 6(d) and (o))	68,834	2	71,638	3	2150	Notes payable	41,415	2	37,807	2
1170	Accounts receivable, net (notes 6(d) and (o))	218,958	8	211,038	8	2170	Accounts payable	66,441	3	75,256	3
130X	Inventories (note 6(e))	268,278	9	281,734	10	2209	Other payables (notes 6(k) and 6 (p))	125,208	4	104,116	4
1476	Other current financial assets (note 8)	513	-	1,943	-	2213	Payable on machinery and equipment	6,597	-	5,941	-
1479	Other current assets (note 6(j))	26,532	1	21,715	1	2230	Current tax liabilities	63,695	2	61,746	2
	Total current assets	1,815,829	62	1,690,994	61	2280	Current lease liabilities (notes 6(i) and 6(u))	4,933	-	-	-
	Non-current assets:					2320	Long-term liabilities, current portion (notes 6(h) and 6(u))	10,027	-	35,840	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	237	-	2399	Other current liabilities	9,952	-	6,019	-
1600	Property, plant and equipment (notes 6(f), 8 and 9)	943,782	32	944,734	34		Total current liabilities	364,977	12	385,648	14
1755	Right-of-use assets (note 6(g))	64,365	2	-	-		Non-Current liabilities:				
1840	Deferred tax assets (note 6(l))	4,093	-	2,657	-	2540	Long-term borrowings (notes 6(h), 6(u) and 9)	-	-	10,240	-
1915	Prepayments for business facilities (note 9)	103,336	4	77,393	3	2570	Deferred tax liabilities (notes 6(l))	67,603	3	51,521	2
1980	Other non-current financial assets	1,956	-	1,972	-	2580	Non-current lease liabilities (notes 6(i) and 6(u))	10,549	-	-	-
1995	Other non-current assets (note 6(j))	7,137	-	53,555	2	2600	Other non-current liabilities	-	-	8	-
	Total non-current assets	1,124,669	38	1,080,548	39	2640	Net defined benefit liability, non-current (notes 6(k))	9,242	-	10,098	1
							Total non-current liabilities	87,394	3	71,867	3
							Total liabilities	452,371	15	457,515	17
							Equity attributable to owners of parent (notes 6(k) and 6(m)):				
						3100	Ordinary shares	692,983	24	692,983	25
						3200	Capital surplus	315,168	11	315,168	11
							Retained earnings:				
						3310	Legal reserve	323,903	11	283,404	10
						3320	Special reserve	-	-	6,459	-
						3350	Unappropriated retained earnings	1,157,787	39	1,005,069	37
								1,481,690	50	1,294,932	47
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(1,714)	-	12,259	-
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	(1,315)	-
								(1,714)	-	10,944	-
							Total equity	2,488,127	85	2,314,027	83
							Total liabilities and equity	\$ 2,940,498	100	2,771,542	100
	Total assets	\$ 2,940,498	100	2,771,542	100						

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

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

See accompanying notes to consolidated financial statements.

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

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

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

See accompanying notes to consolidated financial statements.

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

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

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

See accompanying notes to consolidated financial statements.

IV. Appendixes

(1) Articles of Incorporation

Chapter 1 General Provisions

Article 1:

The Company was incorporated as required by the Company Act under the name of 邦特生物科技股份有限公司(English: **BIOTEQUE CORPORATION**).

Article 2:

The Company's scope of operation is as follows:

1. CF01011 Medical devices manufacturing
2. F108031 Medical devices wholesale
3. F208031 Medical devices retailing
4. ZZ99999 operations not prohibited or restricted by law besides the said approved ones

Article 2-1:

As is needed for business, the Company may undertake externally that it operates in accordance with its endorsement or guarantee guidelines.

Article 2-2:

The Company may not serve as an unlimited liability shareholder or partner of another company and, if serving as a limited liability shareholder of another company, may not have an overall re-investment value exceeding the limit of 40% of the paid-in capital size for re-investments as stated under Article 13 of the Company Act. For external reinvestment matters, the Board of Directors is authorized to make a decision.

Article 3:

The main office of the Company is located in Taipei City and a branch office may be established domestically or internationally as decided by the Board of Directors if necessary.

Article 4:

Announcements made by the Company are based on the requirements in Article 28 of the Company Act.

Chapter 2 Shares

Article 5:

The overall capital size of the Company is set at NT\$1.2 billion and consists of 120 million shares. Each share is worth NT\$10. All were issued in separate batches.

Article 6:

Treasury stock bought back by the Company may be assigned to its employees at a price below the actual mean buy-back price. However, approval from two-thirds of the

shareholders with voting rights that attended the latest shareholders' meeting and represented a majority of circulated shares shall be obtained before it is enforced according to applicable laws and regulations.

Article 7:

All of the Company's shares are registered and are issued after they are certified as required by law with signatures or seals from three or more directors. Once the Company's shares are publicly offered, printing of shares may be waived. This shall apply to the other securities. They, however, shall be registered with a centralized securities depository. Upon issuance of new shares through capital increase in cash, no less than 10% of the new shares issued shall be retained to be subscribed to by employees of the Company. This does not apply, however, if the Company assigns earnings, reserves, or appreciated assets to technicians or existing shareholders.

Article 8:

Name change and transfer of shares may not take place for the 60 days prior to the general shareholders' meeting, for the 30 days prior to the special shareholders' meeting, or for the 5 days prior to the base date for the Company to decide its dividends and bonuses or other benefits. The durations indicated in the preceding paragraph shall be calculated starting from the date of meeting or the base date.

Article 8-1:

Shareholders shall submit the seal style to the Company for the record. When shareholders claim their dividend or exercise their right in writing in the future, the seal in the record of the Company shall be followed. The assignment, give-away, setup and dismissal of pledges, loss, damage, or other services associated with the shares will be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and applicable regulatory requirements of the competent authority.

Chapter 3 Shareholders' Meeting

Article 9:

The Company's shareholders' meetings can be general and special. A general meeting is held once a year by the Board of Directors as required by law within six months after a fiscal year ends while a special meeting is to be held whenever it is considered necessary by the Board of Directors as required by law.

Article 9-1:

If a shareholders' meeting is called for by the Board of Directors, it shall be chaired by the Chairman. When the Chairman is absent, he/she shall assign someone else to act on his/her behalf. If not assigned, one director will be elected to act on his/her behalf. If a shareholders' meeting is called for by someone outside the Board of Directors, the said someone shall chair the meeting. When there are more than two people calling for the meeting, one of them shall act as the chairman.

Article 10:

When shareholders are unable to attend a shareholders' meeting, they may issue an authorization letter that is prepared by the Company specifying the scope of authorization and have someone attend it on their behalf. For regulations on the proxies, besides the requirements in Article 177 of the Company Act, those in the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies promulgated by the competent authority shall be followed.

Article 11:

The shareholders of the Company are entitled to one vote per share. The Company, however, has no voting rights despite the shares owned in the Company as required by law.

Article 12:

Decisions made in shareholders' meetings, unless specified otherwise in applicable laws, shall be supported by a majority of the shareholders attending the meeting. There shall be a majority of shareholders attending the meeting. Decisions made in a shareholder's meeting shall be documented in the meeting minutes specifying the date and venue of the meeting, the number of shareholders having attended the meeting, the number of shares represented, the number of votes involved, the name of the chairman, decisions made, and decision-making approach and it shall be signed or sealed by the chairman of the shareholders' meeting. Such meeting minutes, along with the book of attendance signed by shareholders and the authorization letters presented by representatives, shall be kept by the Board of Directors of the Company. The meeting minutes shall be handed out to respective shareholders within 20 days after the meeting. The distribution of meeting minutes shall be based on the requirements in Article 183 of the Company Act.

Chapter 4 Board Directors and Supervisors

Article 13:

The Company has seven to nine directors and three supervisors who are capable shareholders elected in shareholders' meetings with a tenure of three years. They may be re-elected and serve multiple terms. The combined shareholding ratio of all directors and supervisors shall be based on the requirements of the securities governing authority. Among the directors in the foregoing paragraph, the number of independent directors may not be less than 2 and may not be less than one-fifth of the total number of directors. The nomination system is adopted. Independent directors are elected by the shareholders from a list of candidates. For the professionalism, shareholding ratio, and concurrent serving restrictions, independence determination, nomination and election methods, exercise of function, and other expected requirements to be followed by independent directors, the Securities Exchange Act and applicable laws and regulations shall be followed.

Article 13-1:

In the event that there are more than one-third of openings for directors or that all of the supervisors are dismissed, the Board of Directors shall call for a special shareholders' meeting within 60 days for a by-election, with the tenure being the remainder of the existing one. In the event that a re-election is held prior to expiration of the current term of directors, the elected candidates' elected status shall be voided if they assign more than one-half of the shares they held in the Company prior to inauguration or within the period where transfer of shares shall be stopped prior to the shareholders' meeting.

Article 14:

The Board of Directors is formed by the directors, and the Chairman and the Vice Chairman, one each, are elected by a majority of the attending directors. There shall be more than two-thirds of the directors attending the Board of Directors meeting. The Chairman represents the Company externally.

Article 14-1:

The powers and authorities of the Board of Directors are as follows:

1. To stipulate the operation method, review the operation plan, and supervise the implementation
2. To assign and dismiss the Company's General Manager, Vice General Manager, and managers
3. To prepare and revise important articles and the Articles of Incorporation
4. To set up and recall branches
5. To call for a shareholders' meeting
6. To exercise other functions specified by the Company Act and assigned through the shareholders' meeting

Article 14-2:

The Company may purchase liability insurance for its directors and supervisors within their tenure that covers the scope of their operation and the Board of Directors may be authorized to take care of the matter.

Article 14-3:

Regarding the remunerations for the Chairman, directors, supervisors, the Board of Directors is authorized to make a decision taking into consideration their involvement in and contributions to the Company's operation with reference to the common practice in the industry.

Article 14-4:

The meeting notice from the Company's Board of Directors can be issued in writing, email, or be faxed.

Article 15:

If the Chairman is on leave or cannot exercise his/her power for some reason, his/her designee may do so on his/her behalf as required by Article 208 of the Company Act.

Article 16:

Besides exercising the supervisory right alone as required by law, the supervisors may be seated in the Board of Directors' meeting except that they are not entitled to any votes.

Article 16-1:

The powers and authorities of the supervisors are as follows:

1. The supervisors shall supervise the implementation of tasks throughout the Company and may investigate the operational and financial standings of the Company by checking books and documents at any time and may ask the Board of Directors or the manager to submit a report.
2. If the Board of Directors or directors are violating laws, the Articles of Incorporation, or decisions made through shareholders' meetings while performing their duties, the supervisors shall notify the Board of Directors or the directors immediately to stop such behavior.
3. The supervisors shall inspect the respective documents prepared by the Board of Directors and brought forth in shareholders' meetings and report their opinions in the shareholders' meeting.
4. The supervisors shall exercise other powers and authorities vested in accordance with the law.

Chapter 5 Managers

Article 17:

The Company may set up several business groups and one general manager and several vice general managers and managers for each group. The assignment, dismissal, and rewards of a general manager follow the requirements in Article 29 of the Company Act. The assignment and dismissal of vice general managers and managers are subject to submission by the general manager to be approved by a majority of the Board of Directors.

Chapter 6 Accounting

Article 18:

The Company shall have the Board of Directors to prepare respective documents at the end of each fiscal year, including the (1) Business Report, (2) Financial Statement, and (3) Proposal on Distribution of Earnings or Makeup of Deficits, and send them to the supervisors at least 30 days prior to the shareholders' meeting to be inspected and then submit them to the shareholders' meeting for recognitions.

Article 19:

The distribution of dividends to shareholders is limited to shareholders on the roster of shareholders five days prior to the base date for distribution of dividends and bonuses.

Article 20:

The company shall appropriate no less than 5% of its earnings as remunerations to its employees and no more than 1.6% of its earnings as remunerations to the directors and supervisors, if applicable. The Company shall appropriate the loss carried forward for write-offs, if applicable.

Article 20-1:

In cases of earnings shown in the final accounting books, the Company pays taxes as required by law and makes up for historical deficits. Then, 10% is set aside to be the legal reserve unless the legal reserve has reached the paid-in capital size of the Company. The special reserve is appropriated according to applicable laws and regulations. For the remainder, the Board of Directors is to prepare the earnings distribution proposal and submit it during the shareholders' meeting for a decision over whether it shall be distributed or retained.

Chapter 7 Supplementary Provisions

Article 21:

For matters not specified herein, the requirements of the Company Act shall apply.

Article 21-1:

The industry that the Company belongs to is at the growing phase. To fulfill the goal of sustainable development, the Company is proactively developing and introducing new products, expansion of production lines is planned for the coming years, and there will be a demand for funds. Therefore, the balanced dividend policy is intended to be adopted in order to adequately issue dividends in the form of shares or cash. In principle, cash is to be distributed when the dividends involved are 20% and above. In

case of major capital expenditures planned for the future (when the overall value of fixed assets purchased or investments in overseas production sites in the same year exceeds 10% of the paid-in capital size), approval through the general shareholders' meeting may be obtained and all will be distributed in the form of shares.

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

Article 22:

These Articles of Incorporation were prepared on November 7, 1991;

Amended for the first time on March 1, 1993;

Amended for the second time on June 1, 1993;

Amended for the third time on October 12, 1994;

Amended for the fourth time on December 10, 1994;

Amended for the fifth time on December 10, 1994;

Amended for the sixth time on December 8, 1996;

Amended for the seventh time on January 8, 1997;

Amended for the eighth time on June 5, 1998;

Amended for the ninth time on June 25, 1998;

Amended for the tenth time on February 1, 1999;

Amended for the eleventh time on June 10, 1999;

Amended for the twelfth time on May 16, 2001;

Amended for the thirteenth time on October 31, 2001;

Amended for the fourteenth time on December 24, 2001;

Amended for the fifteenth time on June 27, 2002;

Amended for the sixteenth time on May 18, 2004;

Amended for the seventeenth time on June 1, 2006;

Amended for the eighteenth time on June 12, 2008;

Amended for the nineteenth time on June 22, 2009;

Amended for the twentieth time on June 15, 2010;

Amended for the twenty-first time on June 24, 2011;

Amended for the twenty-second time on June 15, 2012;

Amended for the twenty-third time on May 13, 2015;

Amended for the twenty-fourth time on May 12, 2016;

Amended for the twenty-fifth time on June 22, 2017;

(2) Rules and Procedure for Shareholders'

Meetings

BIOTEQUE CORPORATION

Rules of Procedure for Shareholders' Meetings

Article 1

Unless specified otherwise in laws and regulations, the Company's shareholders' meetings shall be based on these Rules.

Article 2

The Company shall specify the check-in time, check-in site, and other precautions for shareholders in the meeting notice.

Time for check-in by shareholders shall begin at least 30 minutes prior to the scheduled time of the meeting and the check-in site shall have clear indications and adequate and competent staff to take care of the check-in process.

Shareholders or their proxies (collectively referred to as the "shareholders") shall attend a shareholders' meeting with a show of their attendance card, attendance sign-in card, or other IDs. Powers of attorney or letters of authorization shall also bring their status supporting documents for verification purposes.

The Company shall have the sign-in book ready to be signed by the attending shareholders or the attending shareholders shall submit the sign-in card instead to indicate their presence. The number of shares held by those present is calculated according to the sign-in book or the submitted sign-in cards.

The Company shall give the shareholders present in the meeting the meeting agenda, annual report, attendance card, speech note, vote, and other meeting materials.

When the election of directors occurs, supervisors are involved, and the ballot shall also be included.

Article 3

Attendance and voting in shareholders' meetings shall be calculated according to the number of shares held.

Article 4

As is required by law, a shareholders' meeting shall take place where the Company is located or it is convenient for shareholders to attend and is suitable for holding the meeting. The start time of the meeting may not be earlier than 9:00 am or later than 3:00 pm.

Article 5

If a shareholders' meeting is called for by the Board of Directors, it shall be chaired by the Chairman of the Board of Directors. When the Chairman is on leave, the Chairman shall assign a standing director to act on his/her behalf. When the Chairman does not assign a designee, someone among the directors shall act on his/her behalf.

When the chairman in the preceding paragraph is a standing director or a director, such standing director or director has to be someone that has been in office for at

least six months and understands the financial status of the Company. If the chairman is the representative of a director that is a legal entity, the same applies.

For a shareholders' meeting called for by the Board of Directors, more than half the directors shall attend the meeting.

If the shareholders' meeting is called for by someone outside the Board of Directors, the said someone shall chair the meeting. When there are more than two people calling for the meeting, one of them shall act as the chairman.

Article 6

The attorneys, CPAs, or related parties authorized by the Company may be seated in the shareholders' meeting. Staff organizing the shareholders' meeting shall wear a badge or a shoulder patch.

Article 7

The Company shall, from the time shareholders check in, record and videotape without stopping during the whole check-in process, the whole meeting, voting, and the ballot counting process.

The audiovisual data in the preceding paragraph shall be kept for at least a year.

When lawsuits are filed by shareholders according to Article 189 of the Company Act, however, such evidence shall be kept up to completion of legal proceedings.

Article 8

When the time of the meeting is due, the chairman shall call the meeting to order. If the attendance has not reached a majority of the total circulating shares held by the shareholders, however, the chairman may announce that the meeting be postponed. The postponement is limited to two times only. The time postponed may not exceed an hour. When it has been postponed twice and the majority is still not fulfilled yet, the number of shareholders that are present hold more than one-third of all shares, a tentative resolution may be made as required by law.

Before the meeting is completed, if the number of shares held by the attending shareholders combined has reached a majority of the total circulating shares, the chairman may re-introduce the rendered tentative resolution for a decision during the meeting as required by Article 174 of the Company Act.

Article 9

If a shareholders' meeting is called for by the Board of Directors, the meeting agenda is to be set by the Board of Directors and the meeting shall be held according to the agenda. Without a decision made through a shareholders' meeting, it may not be changed. If the shareholders' meeting is called for by someone outside the Board of Directors, the requirements in the preceding paragraph apply.

Before the agenda (including the motions) as scheduled according to the preceding two paragraphs is completed, without a decision, the chairman may not announce that the meeting is adjourned unilaterally. After the meeting is adjourned, shareholders may not have another person to serve as the chairman and continue with the meeting at the same site or another site. When the chairman violates these Rules and announces that the meeting is adjourned, however, another person may serve as the chairman upon approval by a majority of the attending shareholders and continue with the meeting.

Article 10

Before the attending shareholders speak, they must complete the speech note specifying the theme of their speech, the shareholder's account number (or the number shown on the attendance card) and account name. The chairman will decide their speaking sequence.

When attending shareholders only provide the speech note without speaking, it is considered that they have not spoken. When what they say differs from that shown in the speech note, what they say will take precedence.

When attending shareholders speak, other shareholders may not speak and interfere with their speech unless with approval by the chairman and the speaking shareholder. The chairman shall stop violators.

Article 11

Each shareholder may not speak more than twice on the same proposal without approval from the chairman and may not exceed five minutes each time. If the shareholders violate the requirement in the preceding paragraph or exceed the scope of the issue involved, the chairman may stop them from speaking.

Article 12

The legal entities attend a shareholder's meeting upon authorization may only assign one representative to attend the meeting. When more than two representatives are sent by a shareholder that is a legal entity to attend a shareholders' meeting, only one person may speak on the same proposal.

Article 13

After attending shareholders have spoken, the chairman may respond or have a related person to respond to the speech.

Article 14

For the discussions about proposals, if it is believed to have reached the extent for a voting session, the chairman may announce that discussions shall stop and voting shall begin.

Article 15

The chairman is to assign the staff to inspect voting on proposals and count the ballots. The inspectors, however, shall be shareholders.

The ballot counting process for proposals or elections during a shareholders' meeting shall take place in a public area within the venue of the shareholders' meeting and voting results shall be announced on the spot once ballot counting is completed, including the weights involved in the statistics, and records shall be produced.

When directors or supervisors are elected during a shareholders' meeting, related election regulations established by the Company shall be followed and the voting outcome shall be announced on the spot, including the list of elected directors or supervisors and the weights involved for those elected.

Ballots for the election in the preceding paragraph shall be kept properly once they are sealed and signed off by the inspectors and shall be kept for at least a year. When lawsuits are filed by shareholders according to Article 189 of the Company Act, however, such evidence shall be kept until the completion of the legal proceedings.

Article 16

When a meeting is ongoing, the chairman may announce time for a break whenever it is considered appropriate.

Article 17

For the voting on proposals, unless specified otherwise in the Company Act and the Company's Articles of Incorporation, to approve a proposal, it requires support from a majority of voting rights among attending shareholders. While voting, when no disagreement is raised during consultation by the chairman, the specific proposal is considered to have been approved.

Article 18

When there is an amendment or alternative to the same proposal, the chairman shall determine the voting sequence along with the original proposal. The power is the same as that of a decision made through voting.

Article 19

The chairman may have the patrols (or security) help maintain order in the venue. When helping maintain order in the venue, the patrols (or security) shall wear the "patrol" badge.

Article 20

These Rules are to be enforced after they are approved through the shareholders' meeting. The same applies upon revisions.

These Rules were prepared on June 27, 2002 and amended for the first time on June 24, 2013.

(3) Shareholding Status of Directors and Supervisors

The minimum number of shares that may be held by all directors and supervisors and those by individual and all directors and supervisors as stated in the roster of shareholders as of the date of stop of transfer of shares for the specific shareholders' meeting are based on the requirements in Article 26 of the Securities Transaction Act.

1. The legal number of shares to be held by current directors and supervisors of the Company is as follows:
 - (1) Number of shares of the Company's common stock in circulation: 69,298,336.
 - (2) Legal number of shares to be held by all directors: 6,929,834
 - (3) Legal number of shares to be held by all supervisors: 692,983

2. As of the date of stop of transfer for the 2020 General Shareholders' Meeting, the actual number of shares held by all directors and supervisors of the Company is as follows:

Unit: Share; %

Position	Name	Number of shares held	Shareholding ratio
Chairman	Zhong-Li Tsai	3,029,000	4.37
Director	Ming-Zhong Li	1,445,346	2.08
Director	Zong Yu Investment Co., Ltd. Legal Representative: Jing-Yi Cai	1,611,752	2.33
Director	Yi-Xun Li	1,320,245	1.91
Director	Pang-Yen Zhang	851,038	1.23
Director	Jin-Long Lin	172,926	0.25
Director	Yi-Zhong Huang	30,408	0.04
Independent director	Zheng-Xiong Xu	0	0.00
Independent director	Bin-Xi Lin	0	0.00
Subtotal of directors		8,460,715	12.21

Position	Name	Number of shares held	Shareholding ratio
Supervisor	Ying-Ling Li	871,857	1.26
Supervisor	KING POLYTECHNIC ENGINEERING CO., LTD. Legal Representative: Zhen-Pan Hong	304,219	0.44
Supervisor	Xing Wang	44,000	0.06
Subtotal of supervisors		1,220,076	1.76
Total number of shares held by all directors and supervisors combined		9,680,791	13.97