

# MAXIGEN BIOTECH INC.

## 2021 Annual Shareholders' Meeting

# Meeting Handbook

**Time:** June 30, 2021

**Venue:** No. 88, Keji 1st Rd., Guishan District, Taoyuan City (3rd Floor Meeting Room of the Company)

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# Maxigen Biotech Inc.

## Meeting Procedure for 2021 Shareholders' Meeting

Time: June 30, 2021(Wednesday) AM10:30

Venue: 3rd Floor Meeting Room of the Company (No. 88, Keji 1st Rd.,  
Guishan District, Taoyuan City)

- I. Announcement of shares being represented in the Shareholders' Meeting
- II. Calling the Meeting to Order
- III. Chairperson Remarks
- IV. Status Report
- V. Matters for Ratification
- VI. Matters for Discussion
- VII. Elections
- VIII. Other Proposals
- IX. Extempore Motions
- X. Adjournment

# Maxigen Biotech Inc.

## Meeting Agenda for 2021 Shareholders' Meeting

- I. Chairperson Remarks
- II. Status Report
  - (1) The Company's 2020 Business Report
  - (2) Report by the Audit Committee on review of the 2020 Annual Accounting Final Reports and Statements
  - (3) Report on 2020 employees' profit sharing bonus and Directors' compensation.
  - (4) Report on amendment of "Code of Ethical Conduct".
- III. Matters for Ratification
  - (1) 2020 Business Report and Financial Statements
  - (2) Proposal of 2020 earnings distribution
- IV. Matters for Discussion
  - (1) Amendment of the Company's "Articles of Incorporation"
  - (2) Amendment of the Company's "Rules of Procedure for Shareholders' Meetings"
  - (3) Amendment of the Company's "Procedures for Election of Directors"
  - (4) Private placement of common stock
- V. Elections
  - (1) Re-election of Directors
- VI. Other Matters
  - (1) Proposal to waive non-compete clauses for the Company's newly elected Directors and their representatives
- VII. Extempore Motions
- VIII. Adjournment

# Status Report

(I) The Company's 2020 Business Report.

Explanation: (1) Please see Attachment 1 Pages 13~15 of the Handbook) for the Business Report.

(2) Please refer to attachment 3 for financial statements Pages 17~37 of this Handbook)

(II) Report by Audit Committee on review of the 2020 Annual accounting Final Reports and Statements.

Explanation: Please refer to attachment 2 for the Audit Committee's Audit Report (Page 16 of this Handbook)

(III) Report on 2020 employees' profit sharing bonus and Directors' compensation.

Explanation: (1) Pursuant to the Company Act and the Company's Articles of Incorporation, NT\$5,932,500 was set aside as employees' profit sharing bonus as an expression of appreciation for the efforts and hard work from employees.

(2) Pursuant to the Company Act and the Company's Articles of Incorporation, NT\$1,848,000 was set aside as Directors' compensation as an expression of appreciation for the hard work from Directors.

(3) The proposal was reviewed and approved by the Remuneration Committee and submitted to Board of Directors for discussion and approval. The remuneration shall be distributed in cash.

(IV) Report on the amendment of "Code of Ethical Conduct".

Explanation: (1) Due to the amendment of related corporate governance regulations for listed companies, TWSE has issued Letter Tai-Cheng-Zi-Li-Tzi No.1090009468 on June 3, 2020 regarding samples for corporate governance procedures. The Company has amended part of the articles of "Code of Ethical Conduct" according to the Letter.

(2) Please refer to attachment 4 (Page 38 of this Handbook) for Comparison between original and amendment to the "Code of Ethical Conduct".

# Matters for Ratification

(Proposed by the Board)

Case 1: Please ratify the Company's 2020 business report and financial statements.

Explanation: (1) The Company's 2020 financial statements have been approved by Board of Directors and audited and certified by CPA Wen-Ya Hsu and Shu-Lin Liu at Deloitte & Touche Taiwan. The business report, financial statements, and consolidated financial statements have been reviewed by the Company's Audit Committee, and the Audit Committee has issued a review report.

(2) Please see Attachment 1 Pages 13~15 in the Handbook) for the Business Report.

(3) Please refer to attachment 3 for Related financial information Pages 17~37 of this Handbook)

Resolution:

(Proposed by the Board)

Case 2: Please ratify the Company's 2020 proposal of earnings distribution.

Explanation: (1) The Company's 2020 net income is NT\$63,311,668. After deducting defined benefit plan rereasurement of NT\$164,478, legal reserve of NT\$6,314,719, special reserve(exchange differences on translating foreign operations) NT\$54,367, the distributable earnings are NT\$56,791,348. A total of NT\$56,266,650 shall be distributed as dividend to common shareholders, i.e., NT\$0.81 per share, all of which will be distributed in cash. The amount of dividend is rounded up to dollar. The sum of fractional amount will be accounted as other income of the Company.

(2) 2020 Earnings Distribution Statement is as below:

Maxigen Biotech Inc.  
Earnings Distribution Table  
2020

Unit: NT\$

Beginning retained earnings		\$13,244
Defined benefit plan remeasurement reflected in retained earnings	(164,478)	
Current Year Net Profit after Tax	63,311,668	
The net profit after tax of current year plus the amount of items other than the net profit after tax of current year but included in the undistributed earnings of the current year		63,147,190
Provision for Legal Reserve (10%)	(6,314,719)	
Provision for statutory special surplus reserve	(54,367)	
Items for distribution:		
Cash Dividend (@0.81)	(56,266,650)	( 62,635,736)
Unappropriated retained earnings at the end of the period		\$ 524,698

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

- (3) After the proposal of profit distribution has been approved in Shareholders' Meeting, the Board of Directors will be authorized to set an ex-dividend date, distribution date and decide on other related matters.
- (4) If the share capital is changed at a later date and affects the dividend rate of the shareholders' bonus, it is proposed that the Shareholders' Meeting authorize the Chairman of the Board to handle the situation in his sole discretion in compliance with the Company Law or related laws and regulations.

Resolution:

# Matters for Discussion

(Proposed by the Board)

Proposal 1: Please discuss the proposal to amend the Company's Articles of Incorporation.

Explanation: (1) The Company's sources of capital have not included any funds from Mainland China. Therefore, the Company proposed to amend the business scope in the company registration with a positive list.

(2) Please refer to attachment 5 for comparison table of articles before and after the amendment Pages 40~41 of this Handbook)

Resolution:

(Proposed by the Board)

Proposal 2: Proposal for the amendment of the Company's "Rules of Procedure for Shareholders' Meetings". Please discuss accordingly.

Explanation: (1) Due to the amendment of related corporate governance regulations for listed companies, TWSE has issued Letter Tai-Cheng-Zi-Li No.1090009468 on June 3, 2020 and Tai-Cheng-Zi-Li No.1100001446 on January 28, 2021 regarding samples for corporate governance procedures. The Company has amended part of the articles of "Rules for Procedures of Shareholders' Meeting" according to the Letter.

(2) Please refer to attachment 6 for comparison table of articles before and after the amendment Pages 42~44 of this Handbook)

Resolution:

(Proposed by the Board)

Proposal 3: Please discuss the proposal to amend the Company's "Procedures for Election of Directors"

Explanation: (1) Due to the amendment of related corporate governance regulations for listed companies, TWSE has issued Letter Tai-Cheng-Zi-Li No.1090009468 on June 3, 2020 regarding samples for corporate governance procedures. The Company has amended part of the articles of "Procedures for Election of Directors" according to the Letter.

(2) Please refer to attachment 7 for comparison table of articles before and after the amendment Pages 45~49 of this Handbook)

Resolution:

(Proposed by the Board)

Proposal 4: Private placement of common stock

Explanation: (1) The Company plans to issue no more than 11,000,000 shares of common stock by private placement for future long-term development need, capital expenditure, and replenish working capital in order to strengthen the Company's competitiveness. The Company proposed the Shareholders' Meeting to authorize Board of Directors to handle the matters according to market condition and the Company's actual need as below principles:

(2) The private placement will be conducted in accordance with Article 43-6 of the Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities. Further explanations are as follows:

1) The basis and reasonableness of the private placement issuance price of common stock:

A. The private placement issuance price of common stock is set at not less than 80% of the reference price. It shall be the higher of the following two calculations: (1) The simple average closing price of the common stock for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividend, cash dividend and capital reduction. (2) The simple average closing price of the common stock for the 30 business days before the price determination date, after adjustment for any distribution of stock dividend, cash dividend, and capital reduction. Propose the Shareholders' Meeting to authorize the Board of Directors for determining the price determination date.

B. The reasonableness of issuance price: It is no less than 80% of the reference price, which meets the rule of Directions for Public Companies Conducting Private Placements of Securities. Thus, the price should be reasonable.

C. Propose the Shareholders' Meeting to authorize the Board of Directors to consider the three-year transfer limit, the Company's operating performance, future prospect, and market price of common stock to decide the price of private placement in accordance with regulation and within the scope of Shareholders' Meeting authorization.

- 2) The method for selecting the specific persons:
- A. The counterparty of this private placement is not a related party, which conforms with Article 43-6 of Securities and Exchange Act and the Order (91)Tai-Tsai-Cheng-I-Zi No.0910003455 issued on June 13, 2002 by the Financial Supervisory Commission that counterparty is limited to specific persons. It is proposed that the Shareholders' Meeting authorizes the Board of Directors to contact and decide the counterparty.
  - B. If the placee is strategic investor:
    - (a) The method and purpose of selecting placees: The major consideration is the placee's own industry experience, technology and knowledge which can provide the Company knowhow in operation and management and assist the business development. The Company shall cooperate with placee to reach the full potential of operating synergy.
    - (b) Necessity: It is necessary to introduce strategic investors to enhance the Company's competitive advantage for the Company's future development in light of the intense industry competition and obvious growing trend of globalization.
    - (c) Expected benefits: The recruitment of placees is expected to enhance market competitiveness and strengthen the overall financial structure in response to the needs of future long-term development.
- 3) The reasons necessitating the private placement, limit, use of funds from private placement and expected benefits:
- A. Reasons for not adopting public offering: Considering the current capital market conditions and the timeliness and feasibility of acquiring the capital to obtain the required capital within the shortest time possible, it is proposed to raise capital through private placement.
  - B. The limit of private placement, use of funds from private placement and expected benefits: Propose to authorize the Board of Directors to issue no more than 11,000,000 ordinary

shares once within one year from the date of the resolution of the Shareholders' Meeting. The fund obtained through the private placement will be used in future operation development. It is expected to enhance operating performance and strengthen the competitiveness of the Company, which is beneficial to overall shareholders' equity.

- 4) According to rule of Directions for Public Companies Conducting Private Placements of Securities, if there is a significant change in managerial control within the 1 year period immediately preceding the day on which the board of directors resolves on the private placement, or if there will be a significant change in managerial control after the introduction of strategic investor through private placement, the company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement. The Company has engaged Taishin Securities Co. to issue the assessment opinion regarding the necessity and reasonableness for conducting the private placement.
- 5) The rights and obligations of the common shares issued through this private placement are the same as the Company's common shares that are already outstanding. According to 43-8 of the Securities and Exchange Act, the issued securities through private placement shall not be transferred within three years since the delivery date, unless the specific conditions by regulation are met. Three years after the delivery date of the private placement, the Company plans to apply to the competent authority for over-the-counter (OTC) transaction of the privately placed securities in accordance with the relevant laws and regulations.
- 6) In addition to the percentage for the private placement pricing, propose the Shareholders' Meeting to authorize the Board of Directors to decide at its sole discretion the issuance condition, issuance price, number of shares to be issued, amount of issuance, issuance plan and other matters for the private placement. The Board of Directors is also authorized when the above matters are modified by request of the competent authority, based on evaluation of operation, or change of the environment.

- 7) It is proposed that the Shareholders' Meeting authorizes the Chairman or his designated person to sign all the contracts or documents concerning the issuance of this private placed ordinary shares on behalf of the Company and handle all necessary activities and decide all other matters relevant to the issuance of this private placed ordinary shares.
- (3) Please refer to attachment 8 for the assessment opinion regarding the necessity and reasonableness of conducting the private placement issued by Taishin Securities Co. Pages 50~53 of this Handbook)

Resolution:

## **Elections**

(Proposed by the Board)

Case 1: Re-election of all Directors.

Explanation: (1) The current term of the 9th Directors will be ended on June 28, 2023.

To meet business need, proposed to early elect the 10th Directors and Independent Directors at this Annual Shareholders' Meeting. Within the scope of Article 12 of the Articles of Incorporation, the number of Directors has been changed to 7, including 4 Directors and 3 Independent Directors. The Directors are elected by a candidate nomination system. Shareholders shall elect Directors and Independent Directors from the candidate list.

(2) The newly elected Directors(including Independent Directors) will assume their posts immediately upon the end of Annual Shareholders' Meeting. The term of the newly elected Directors is three years, from June 30, 2021 to June 29, 2024.

(3) Please refer to attachment 9 Page 54~55 of this Handbook) for list of Director and Independent Director candidates approved by the Board of Directors on May 14, 2021.

Please hold election:

## **Other Proposals**

(Proposed by the Board)

Proposal 1: Please discuss the proposal to waive the non-competition clauses for the Company's newly elected Directors and their representatives.

Explanation: (1) According to Paragraph 1 of Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the shareholders at the shareholders' meeting on the essential contents of such an act and secure their approval.

(2) If, following reelection, new directors are engaged in the investment or operation of a business entity whose scope of business is similar to that of the Company and acts as a director thereof, we request that the non-competition clauses applicable to the director be waived in order to allow him or her to act as a director or the representative of said business entity, provided that such waiver will not infringe upon the interests of the Company.

(3) Please refer to attachment 10 for the list of waives Pages 56 of this Handbook. The waive is only limited to whom was actually elected for Director(including Independent Director).

Resolution:

**Extempore Motions**

**Meeting Ends**

**Maxigen Biotech Inc.  
2020 Business Report****I. Scope of Business**

The core technology of Maxigen Biotech Inc. is the application of collagen, hyaluronic acid (also known as hyaluronic acid) and calcium phosphate bioceramics and other biopolymer materials. The Company has two business units, which are biomedical materials and skincare products. After years of hard working, the Company's Biomedical Business Unit has successfully developed 21 advanced medical implant materials with areas of application ranging from orthopedics, dentistry, ophthalmology, dermatology, and plastic surgery, and received 49 product licenses from Taiwan, EU, USA, Singapore, Indonesia, Malaysia and China. The skincare Business Unit focuses on R&D business for domestic and international major skincare brands. The Business Unit focuses on developing exclusive formulas, coating process technology and micro-infiltration technology, and actively invests in automated production lines to expand production capacity to undertake larger orders and increase the competitive advantage of the R&D business for the skincare products at the same time.

**II. Business Performance in 2020**

The Company's net operating revenue in 2020 is NT\$457,691 thousand, which increased NT\$5,492 thousand comparing to NT\$452,199 thousand in 2019 with growth rate of 1.2%. The revenue for biomedical material business unit is NT\$313,550 thousand, which increased NT\$16,253 thousand comparing to NT\$297,297 thousand in 2019 with growth rate of 5.5%. The major reason for increase is orders from intra-articular injection and collagen medical materials. In addition, revenue from skincare product business unit is NT\$144,141 thousand, which decreased NT\$10,761 thousand comparing to NT\$154,902 thousand in 2019 with decrease rate of 6.9%. The major reason for decrease is decrease in OEM customers' demand due to the pandemic. The operating expense rate maintained at 34% in 2020. Major expense is research and development of high-end composite bone materials containing bone growth promoting substances. The net income after tax in 2020 grew 5.3% comparing to 2019.

### III. Current R&D Status

(I) Below are the R&D achievements of the medical materials business unit in 2020:

The core technology of the Company is focused on the development of biomedical implantation materials from collagen, hyaluronic acid, and calcium phosphate-based bioceramics, which are intended for repairing or replacing damaged tissues of the human body. 2020 R&D achievements: Obtained 1 listing license for the Company's self-owned product and 2 key product license extensions. Explanations as below:

- (1) April 2020: ArtiAid Plus Intra-articular Injection obtained the license to market in Malaysia.
- (2) January 2020: ArtiAid Plus Intra-articular Injection obtained the license extension to market in Europe.
- (3) Aug 2020: HealiAid Collagen Wound Dressing obtained the license extension to market in China.

In terms of the development of new and innovative biomedical materials, the Company initiated the "Development Plan for High-End Implantable Composite Bone Materials Containing Bone-Promoting Substances", which was granted with subsidy of NT\$43.2 million by the A+ Industrial Innovative R&D Program (Forward Looking Technology R & D Plan) sponsored by the Ministry of Economic Affairs. In 2020, the Company has completed the biocompatibility test of composite bone materials and animal effect trial plant. Various preclinical testing of the development plan is expected to be completed by 2021.

In addition, the Company has increased the resource devoted to clinical trials year on year to enhance product competitiveness. A total of 3 clinical trials were performed in 2020, and another 2 were in the preparatory stage, which are described as follows:

- (1) "Study of safety and efficacy for patient with carpometacarpal joint arthritis use ArtiAid Intra-articular injection". Ongoing at E-DA Hospital.
- (2) "Formaderm young dermal filler injection pre-market clinical trial." Ongoing in China.
- (3) Formaderm®Dermal Filler Injection (contains Lidocaine hydrochloride) post-marketing clinical trial is currently undergoing in Taiwan.
- (4) ArtiBest® Intra-articular Injection is currently planned for post-marketing clinical trial.
- (5) High-end composite bone materials containing bone growth promoting substances is currently planned for pre-market clinical trial.

(II) Below are the R&D results of the Skincare Business Unit in 2020:

(1) Sunscreen formula platform

9 sunscreen formulas have been successfully developed, with different sunscreen efficacy and texture characteristics, allowing customers to have a variety of choices and shorten the time for drug certificate review.

(2) Micromolecular formula platform

5 kinds of micromolecular formulas have been successfully developed, including moisturizing, whitening and anti-aging functions, which are suitable for use with liquid and essence doses, which can provide diverse marketing appeals to customers when supplemented with various other specified ingredients.

(3) Freeze-drying technology platform

We applied freeze drying technologies in the development of new membrane materials and used the integration of vessels and formula dosage to achieve more diverse and sustainable development. The optimization of formula and conditions are being implemented.

(III) In order to facilitate the Shareholders to vote through electronic voting, propose to waive the non-compete clause for the candidates listed for Directors and Independent Directors. Please refer to attachment 10 for the list of waiver (Page 50 of this Handbook).

After years of hard work, the Company's Biomedical Business Unit and Skincare Business Unit have both established solid foundations. Apart from continuing to strengthen our core competencies in innovation and R&D to develop innovative products, we will also strengthen our marketing and business expansion capabilities to continuously achieve growth in profit.

## Audit Committee Report

The Board of Directors has prepared and submitted the 2020 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by CPA Wen-Ya Hsu and Shu-Lin Liu at Deloitte & Touche Taiwan. These have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is submitted for shareholders' examination.

To

2020 Annual Shareholders' Meeting

Maxigen Biotech Inc.

Audit Committee convener: Si-Tang Deng

March 22, 2021

## Independent Auditors' Report

To Maxigen Biotech Inc.:

### **Audit Opinion**

We have audited the accompanying consolidated balance sheets of Maxigen Biotech Inc. and Subsidiaries as of December 31, 2020 and 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements (including the summary of significant accounting policies) from January 1 to December 31, 2020 and 2019.

In our opinion, based on our audits, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the period ended December 31, 2020 and 2019, and are in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards and its interpretations as recognized by the Financial Supervisory Commission.

### **Basis of Audit Opinion**

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the section "Auditor's responsibilities in auditing the Consolidated Financial Statements." We are independent of Maxigen Biotech Inc. and Subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 are as follows:

#### Inventory valuation

Maxigen Biotech Inc. and Subsidiaries primarily undertake the manufacturing and sale of medical equipment, facial masks, and skincare products. Since the Company operates in a rapidly changing industry, Maxigen Biotech Inc. and its Subsidiaries are faced with the need for rapid product launches and severe competition. The book value of the Company's inventory on December 31, 2020 was NT\$86,984 thousand (after deducting inventory valuation loss of NT\$30,659 thousand). Loss on inventory valuation and disposal in 2020 was NT\$8,309 thousand. Since the amount of inventory and allowance for inventory valuation loss have material impact on the overall consolidated financial statements, and the valuation of the inventory's net realizable value and obsolescence loss involves material judgment, inventory valuation is therefore included as a key audit matter.

We focused on the inventory valuation on the balance sheet date, including whether the Company's judgment of classification for obsolete products and products still being sold were appropriate, and conducted assessment on the reasonableness of the calculation of the inventory valuation loss for obsolete products. We tested the source of the net realizable value of the products still being sold and conducted sampling of prices in the most recent sales. We compared total allowance for inventory valuation loss with the Company's historical experiences and also made random inspection and re-calculation to verify the accuracy of the inventory valuation calculation by the management.

Please refer to Note 4 for the subsequent valuation on the accounting policy for inventory by Maxigen Biotech Inc. and Subsidiaries. Please refer to Note 5 for explanations on material accounting judgment and uncertainty of estimation. Please refer to Note 9 for relevant presentation and disclosure.

#### Revenue recognition

When Maxigen Biotech Inc. and Subsidiaries sell products, revenue is recognized when the customer obtains control over the products and contract performance conditions are satisfied. We conducted analytical procedures on the sales revenue of 2020 and through categorizing customers, selected the top 20 biomedical customers in terms of sales revenue with a higher gross profit, which accounted for 55% of consolidated revenue. Since the customer base is highly concentrated and operating revenue from the customers have significant impact on the overall consolidated financial statements, this has been included as a key audit matter.

For the Company's accounting policy regarding revenue recognition, please refer to Note 4.

We obtained understanding of the design and implementation of the revenue recognition policy and internal control, and inspected the contracts between the Company and its top 20 biomedical product customers to verify whether accounting treatment is in line with revenue recognition policy. We also conducted sampling test on the revenue recognition of the entire year to prove that the revenue recognition conditions comply with IFRS 15. Furthermore, we conducted analysis on past

experience and recent sales status to verify whether the conditions of revenue recognition fully comply with accounting policy, and whether the period of recognition is appropriate.

### **Other Matters**

Maxigen Biotech Inc. has also prepared Individual Financial Statements for 2020 and 2019, and we have issued unqualified audit opinion thereon.

### **The responsibility of the management and governance units 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, International Financial Report Standards, International Accounting Standards and Interpretations recognized by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Maxigen Biotech Inc. and Subsidiaries' financial reporting process.

### **The responsibility of certified public accountants when auditing consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the Generally Accepted Auditing Standards, 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 fraud is likely to involve collusion, forgery, deliberate omission, false declaration, or transgression of internal control, so the risk of improper expression of fraud is not higher than that caused by the wrong person.
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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated 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 deficiency 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 for the year ended December 31, 2020 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.

Deloitte & Touche Taiwan

Wen-Ya Hsu, CPA

Shu-Lin Liu, CPA

Approval Number from the Securities and  
Futures Commission

Tai-Cai-Zheng-6-Zi No.0920123784

Approval Number from Financial Supervisory  
Commission

Chin-Kuan-Zheng-Shen-Zi No.1050024633

March 22, 2021

## Maxigen Biotech Inc. and Subsidiaries

## Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: NT\$1,000

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 209,762	22	\$ 267,643	23
1150	Notes receivable (Note 4 and 8)	35,564	4	24,517	2
1170	Accounts receivable (Note 4, 5, and 8)	52,902	5	58,235	5
1180	Accounts receivable - related parties (Note 4, 5, 8, and 27)	6,443	1	15,096	1
1200	Other receivables (Note 4 and 8)	5,350	1	8,368	1
130X	Inventory (Note 4, 5, and 9)	86,984	9	88,115	7
1476	Other financial assets - current (Note 7 and 28)	13,135	1	165,049	14
1479	Other Non-Current Assets (Note 11)	21,918	2	13,129	1
11XX	Total Current Assets	<u>432,058</u>	<u>45</u>	<u>640,152</u>	<u>54</u>
	<b>Non-current Assets</b>				
1600	Property, plant and equipment (Note 4, 12 and 28)	469,598	49	487,533	41
1755	Right Use of Assets (Note 4 and 13)	11,919	1	14,557	1
1760	Investment Property (Note 4 and 14)	8,890	1	8,921	1
1780	Intangible assets (Note 4 and 15)	1,673	-	2,236	-
1840	Deferred income tax assets (Note 4 and 22)	1,069	-	2,065	-
1920	Refundable guarantee deposits (Note 13)	754	-	764	-
1975	Net defined benefit assets (Note 4 and 18)	2,618	1	2,757	-
1990	Other non-current assets (Note 11)	27,891	3	26,501	3
15XX	Total Non-Current Assets	<u>524,412</u>	<u>55</u>	<u>545,334</u>	<u>46</u>
1XXX	Total Assets	<u>\$ 956,470</u>	<u>100</u>	<u>\$ 1,185,486</u>	<u>100</u>
	<b>Liabilities and Shareholders' Equity</b>				
	<b>Current Liabilities</b>				
2170	Notes and accounts payable (Note 16 and 27)	\$ 33,001	4	\$ 33,969	3
2200	Other Payables (Note 17)	38,581	4	48,777	4
2230	Current income tax liabilities (Note 4 and 22)	8,692	1	13,077	1
2280	Lease Liabilities-Current (Note 4 and 13)	2,493	-	2,561	-
2325	Liabilities from preferred shares - current (Note 19)	-	-	214,539	18
2399	Other Current Liabilities (Note 17)	3,817	-	9,027	1
21XX	Total Current Liabilities	<u>86,584</u>	<u>9</u>	<u>321,950</u>	<u>27</u>
	<b>Non-Current Liabilities</b>				
2580	Lease Liabilities-Non-Current (Note 4 and 13)	9,640	1	12,130	1
2645	Guarantee deposits received	19	-	89	-
25XX	Total Non-current Liabilities	<u>9,659</u>	<u>1</u>	<u>12,219</u>	<u>1</u>
2XXX	Total Liabilities	<u>96,243</u>	<u>10</u>	<u>334,169</u>	<u>28</u>
	<b>Equity (Note 20)</b>				
	<b>Capital</b>				
3110	Common Stock	694,650	73	694,650	59
	<b>Capital Surplus</b>				
3210	Capital surplus-share premium	80,720	8	80,720	7
3271	Capital surplus-employee share options	1,660	-	1,660	-
3280	Capital surplus-other	6,801	1	6,801	-
3200	Total Capital Surplus	<u>89,181</u>	<u>9</u>	<u>89,181</u>	<u>7</u>
	<b>Retained Earnings</b>				
3310	Legal reserve	13,289	1	7,284	1
3320	Special reserve	2,931	-	3,078	-
3350	Undistributed earnings	63,161	7	60,055	5
3300	Total Retained Earnings	<u>79,381</u>	<u>8</u>	<u>70,417</u>	<u>6</u>
3410	Exchange differences on translating foreign operations	(2,985)	-	(2,931)	-
3XXX	Total Equity	<u>860,227</u>	<u>90</u>	<u>851,317</u>	<u>72</u>
	<b>Total Liabilities and Equity</b>	<u>\$ 956,470</u>	<u>100</u>	<u>\$ 1,185,486</u>	<u>100</u>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000 (Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Note 4 and 27)				
4100	Sales Revenue	\$ 451,215	99	\$ 431,195	95
4800	Other operating revenue	<u>6,476</u>	<u>1</u>	<u>21,004</u>	<u>5</u>
4000	Total Operating Revenue	457,691	100	452,199	100
	Operating costs (Note 9, 18, 21 and 27)				
5110	Cost of Goods Sold	<u>243,171</u>	<u>53</u>	<u>234,927</u>	<u>52</u>
5900	Gross Profit	<u>214,520</u>	<u>47</u>	<u>217,272</u>	<u>48</u>
	Operating Expense (Note 8, 18, and 21)				
6100	Marketing Expenses	34,180	8	40,298	9
6200	Administrative Expenses	50,182	11	44,622	10
6300	R&D Expenses	69,150	15	66,862	15
6450	Expected gain on reversal of credit impairment	( <u>97</u> )	<u>-</u>	( <u>131</u> )	<u>-</u>
6000	Total Operating Expenses	<u>153,415</u>	<u>34</u>	<u>151,651</u>	<u>34</u>
6900	Operating Income	<u>61,105</u>	<u>13</u>	<u>65,621</u>	<u>14</u>
	Non-operating income and expenses (Note 21)				
7100	Interest Income	775	-	4,534	1
7010	Other revenue	233	-	400	-
7020	Other interests and losses	14,873	4	5,671	2
7050	Financing Costs	( <u>250</u> )	<u>-</u>	( <u>3,431</u> )	( <u>1</u> )
7000	Total Non-operating Income and Expenses	<u>15,631</u>	<u>4</u>	<u>7,174</u>	<u>2</u>

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Code		2020		2019	
		Amount	%	Amount	%
7900	Net income before tax	\$ 76,736	17	\$ 72,795	16
7950	Income tax expenses (Note 4 and 22)	( 13,425)	( 3)	( 12,684)	( 3)
8200	Net income	<u>63,311</u>	<u>14</u>	<u>60,111</u>	<u>13</u>
	Other comprehensive income/loss (Note 18 and 20)				
	Items that will not be subsequently reclassified to profit or loss:				
8311	Remeasurement of defined benefit obligation	( 164)	-	( 56)	-
	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translating foreign operations	( 54)	-	147	-
8300	Total other comprehensive income/loss	( 218)	-	91	-
8500	Total Comprehensive Income (Loss) for the Period	<u>\$ 63,093</u>	<u>14</u>	<u>\$ 60,202</u>	<u>13</u>
	Net profit attributable to:				
8610	Owners of the Company	<u>\$ 63,311</u>	<u>14</u>	<u>\$ 60,111</u>	<u>13</u>
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	<u>\$ 63,093</u>	<u>14</u>	<u>\$ 60,202</u>	<u>13</u>
	Earnings per share (Note 23) from continuing business				
9750	Basic	<u>\$ 0.91</u>		<u>\$ 0.87</u>	
9850	Diluted	<u>\$ 0.91</u>		<u>\$ 0.82</u>	

The accompanying Notes are an integral part of the Consolidated Financial Statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

Code		Capital Surplus				Retained Earnings			Other Equity	Treasury Stock	Total Equity	
		Capital Common Stock	Share Premium	Employee Share Options	Preferred Stock-Conversion Right	Other	Legal reserve	Special reserve	Undistributed earnings			Exchange differences on translating foreign operations
A1	Balance at January 1, 2019	\$ 708,470	\$ 100,044	\$ 1,660	\$ 6,801	\$ -	\$ 1,579	\$ 3,124	\$ 57,523	(\$ 3,078)	(\$ 33,144)	\$ 842,979
	Appropriation of 2018 earnings											
B1	Legal reserve	-	-	-	-	-	5,705	-	( 5,705)	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	-	( 46)	46	-	-	-
B5	Cash dividend for common stock	-	-	-	-	-	-	-	( 47,272)	-	-	( 47,272)
B7	Cash dividend for preferred stock	-	-	-	-	-	-	-	( 4,592)	-	-	( 4,592)
J1	Invalid conversion right due to maturity of convertible preferred stock (Note 20)	-	-	-	( 6,801)	6,801	-	-	-	-	-	-
L3	Treasury stock retirement (Note 20)	( 13,820)	( 19,324)	-	-	-	-	-	-	-	33,144	-
D1	Net profit for the year ended 2019	-	-	-	-	-	-	-	60,111	-	-	60,111
D3	Other comprehensive income for the year ended 2019	-	-	-	-	-	-	-	( 56)	147	-	91
Z1	Balance at December 31, 2019	694,650	80,720	1,660	-	6,801	7,284	3,078	60,055	( 2,931)	-	851,317
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	-	-	-	6,005	-	( 6,005)	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	-	( 147)	147	-	-	-
B5	Cash dividend for common stock	-	-	-	-	-	-	-	( 54,183)	-	-	( 54,183)
D1	Net profit for the year 2020	-	-	-	-	-	-	-	63,311	-	-	63,311
D3	Other comprehensive income for the year ended 2020	-	-	-	-	-	-	-	( 164)	( 54)	-	( 218)
Z1	Balance at December 31, 2020	<u>\$ 694,650</u>	<u>\$ 80,720</u>	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ 6,801</u>	<u>\$ 13,289</u>	<u>\$ 2,931</u>	<u>\$ 63,161</u>	<u>(\$ 2,985)</u>	<u>\$ -</u>	<u>\$ 860,227</u>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc. and Subsidiaries  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

Code		2020	2019
	Cash flow from operating activities		
A10000	Net income before tax for current year	\$ 76,736	\$ 72,795
A20000	Adjustments for:		
A20100	Depreciation expense (including depreciation of investment property)	32,030	31,478
A20200	Amortization expense	1,162	1,013
A20300	Expected gain on reversal of credit impairment	( 97)	( 131)
A20900	Financing Costs	250	3,431
A21200	Interest Income	( 775)	( 4,534)
A22500	Gain on disposal of property, plant and equipment	-	( 19)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 11,047)	( 905)
A31150	Accounts Receivable	5,430	( 2,291)
A31160	Accounts receivable-related parties	8,653	( 8,001)
A31180	Other Receivables	3,018	( 8,332)
A31200	Inventory	1,131	( 5,497)
A31230	Net defined benefit assets	( 25)	( 40)
A31240	Other current assets	( 9,002)	110
A32150	Notes and accounts payable	( 968)	2,974
A32180	Other Payables	( 2,300)	2,811
A32230	Other Current Liabilities	( 5,210)	6,165
A33000	Cash inflow from operating activities	98,986	91,027
A33100	Interest received	840	4,534
A33300	Interest paid	( 8,831)	( 303)
A33500	Income tax paid	( 16,601)	( 840)
AAAA	Net cash inflow from operating activities	<u>74,394</u>	<u>94,418</u>
	Cash flow from investing activities		
B06500	Increase of other financial assets	( 20,458)	( 279,261)
B06600	Decrease in other financial assets	172,307	346,466
B02700	Acquisition of property, plant and equipment	( 10,739)	( 23,073)
B02800	Disposal of property, plant and equipment	-	19
B03700	Increase in refundable guarantee deposits	( 20)	( 10)

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Code		2020	2019
B03800	Decrease in guarantee deposits	\$ 30	\$ 36
B04500	Acquisition of intangible assets	( 599)	( 664)
B06700	Increase in other non-current assets	( 1,390)	( 898)
BBBB	Net cash inflow from investing activities	<u>139,131</u>	<u>42,615</u>
	Cash flow from financing activities		
C02900	Repay preferred stock liabilities	( 214,539)	-
C03100	Decrease in guarantee deposits received	( 70)	-
C04500	Distribution of cash dividend	( 54,183)	( 51,864)
C04020	Payment of lease liabilities	( 2,558)	( 2,551)
CCCC	Net cash outflow from financing activities	( 271,350)	( 54,415)
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currency	( 56)	181
EEEE	Net (decrease) increase in cash and cash equivalents	( 57,881)	82,799
E00100	Cash and cash equivalents at the beginning of the year	<u>267,643</u>	<u>184,844</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 209,762</u>	<u>\$ 267,643</u>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

## **Independent Auditors' Report**

To Maxigen Biotech Inc.:

### **Audit Opinion**

We have audited the accompanying parent company only financial statements of Maxigen Biotech Inc., which comprise the parent only balance sheets as of December 31, 2020 and 2019, the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows, and notes to the parent company only financial statements (including the summary of significant accounting policies) from January 1 to December 31, 2020 and 2019.

In our opinion, based on our audits, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the period ended December 31, 2020 and 2019, and are in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

### **Basis of Audit Opinion**

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the section "Auditor's responsibilities in auditing the parent company only financial statements." We are independent of Maxigen Biotech Inc. in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 for our opinion.

### **Key Audit Matters**

Key audit matters refer to the most critical items in the 2020 parent company only Financial Statement of Maxigen Biotech Inc. in our professional judgment. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Below is an explanation of the key audit matters for the 2020 parent company only financial statements of Maxigen Biotech Inc:

### Inventory valuation

Maxigen Biotech Inc. primarily engages in the manufacturing and sales of medical equipment, facial masks and skincare products. Since the Company operates in a rapidly changing industry, Maxigen Biotech Inc. is faced with the need for rapid product launches and severe competition. The book value of the Company's inventory on December 31, 2020 was NT\$86,984 thousand (after deducting inventory valuation loss of NT\$30,659 thousand). Loss on inventory valuation and disposal in 2020 was NT\$8,309 thousand. Since the remaining balance of the inventory and allowance for inventory valuation have material impact on the overall parent company only financial statements, and the valuation of the inventory's net realizable value and obsolescence loss involves material judgment, inventory valuation is therefore included as a key audit matter.

We focused on the inventory valuation on the balance sheet date, including whether the Company's judgment of classification for obsolete products and products still being sold were appropriate, and conducted assessment on the reasonableness of the calculation of the inventory valuation loss for obsolete products. We tested the source of the net realizable value of the products still being sold and conducted sampling of prices in the most recent sales. We compared total allowance for inventory valuation loss with the Company's historical experiences and also made random inspection and re-calculation to verify the accuracy of the inventory valuation calculation by the management.

For the subsequent valuation on the accounting policy for inventory by Maxigen Biotech Inc., please refer to Note 4. For explanations on material accounting judgment and uncertainty of estimation, please refer to Note 5. For relevant presentation and disclosure, please refer to Note 9.

### Revenue recognition

When Maxigen Biotech Inc. sells products, revenue is recognized when the customer obtains control over the products and contract performance conditions are satisfied. We conducted analytical procedures on the sales revenue of 2020 and through categorizing customers, selected the top 20 biomedical customers in terms of sales revenue with a higher gross profit, which accounted for 55% of the revenue. Since the customer base is highly concentrated and operating revenue from the customers have significant impact on the overall parent company only financial statements, this has been included as a key audit matter.

For the Company's accounting policy regarding revenue recognition, please refer to Note 4.

We obtained understanding of the design and implementation of the revenue recognition policy and internal control, and inspected the contracts between the Company and its top 20 biomedical product customers to verify whether accounting treatment is in line with revenue recognition policy. We also conducted sampling test on the revenue recognition of the entire year to prove that the revenue recognition conditions comply with IFRS 15. Furthermore, we conducted analysis on past experience and recent sales status to verify whether the conditions of revenue recognition fully comply with accounting policy, and whether the period of recognition is appropriate.

## **The responsibility of the management and governance units for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Maxigen Biotech Inc's financial reporting process.

## **The responsibility of certified public accountants when auditing parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 parent company only financial statements.

As part of an audit in accordance with the Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 fraud is likely to involve collusion, forgery, deliberate omission, false declaration, or transgression of internal control, so the risk of improper expression of fraud is not higher than that caused by the wrong person.
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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only 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 deficiency 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 parent company only financial statements for the year ended December 31, 2020 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.

Deloitte & Touche Taiwan

Wen-Ya Hsu, CPA

Shu-Lin Liu, CPA

Approval Number from the Securities and  
Futures Commission

Tai-Cai-Zheng-6-Zi No.0920123784

Approval Number from Financial Supervisory  
Commission

Chin-Kuan-Zheng-Shen-Zi No.1050024633

March 22, 2021

Maxigen Biotech Inc.  
Parent Company only Balance Sheets  
December 31, 2020 and 2019

Unit: NT\$1,000

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 193,434	20	\$ 250,469	21
1150	Notes receivable (Note 4 and 8)	35,564	4	24,517	2
1170	Accounts receivable (Note 4, 5, and 8)	46,727	5	37,935	3
1180	Accounts receivable - related parties (Note 4, 5, 8, and 27)	24,502	2	49,929	4
1200	Other receivables (Note 4 and 8)	5,390	1	8,368	1
130X	Inventory (Note 4, 5, and 9)	86,984	9	88,115	8
1476	Other financial assets - current (Note 7 and 28)	13,135	1	165,049	14
1479	Other Non-Current Assets (Note 11)	<u>20,019</u>	<u>2</u>	<u>11,003</u>	<u>1</u>
11XX	Total Current Assets	<u>425,755</u>	<u>44</u>	<u>635,385</u>	<u>54</u>
	<b>Non-current Assets</b>				
1550	Investments accounted for using the equity method (Note 4, 10 and 17)	8,555	1	7,272	1
1600	Property, plant and equipment (Note 4, 12 and 28)	469,598	49	487,533	41
1755	Right Use of Assets (Note 4 and 13)	11,753	1	14,116	1
1760	Investment Property (Note 4 and 14)	8,890	1	8,921	1
1780	Intangible assets (Note 4 and 15)	1,673	-	2,236	-
1840	Deferred income tax assets (Note 4 and 22)	1,076	-	1,940	-
1920	Refundable guarantee deposits (Note 13)	728	-	738	-
1975	Net defined benefit assets (Note 4 and 18)	2,618	1	2,757	-
1990	Other non-current assets (Note 11)	<u>27,891</u>	<u>3</u>	<u>26,501</u>	<u>2</u>
15XX	Total Non-Current Assets	<u>532,782</u>	<u>56</u>	<u>552,014</u>	<u>46</u>
1XXX	Total Assets	<u>\$ 958,537</u>	<u>100</u>	<u>\$ 1,187,399</u>	<u>100</u>
	<b>Liabilities and Shareholders' Equity</b>				
	<b>Current Liabilities</b>				
2170	Notes and accounts payable (Note 16 and 27)	\$ 33,001	4	\$ 33,838	3
2200	Other Payables (Note 17)	38,756	4	49,005	4
2230	Current income tax liabilities (Note 4 and 22)	8,626	1	12,866	1
2280	Lease Liabilities-Current (Note 4 and 13)	2,320	-	2,279	-
2325	Liabilities from preferred shares - current (Note 19)	-	-	214,539	18
2399	Other Current Liabilities (Note 17)	<u>2,428</u>	<u>-</u>	<u>7,706</u>	<u>1</u>
21XX	Total Current Liabilities	<u>85,131</u>	<u>9</u>	<u>320,233</u>	<u>27</u>
	<b>Non-Current Liabilities</b>				
2580	Lease Liabilities-Non-Current (Note 4 and 13)	9,640	1	11,961	1
2645	Guarantee deposits received	19	-	89	-
2670	Other non-current liabilities (Note 4, 10 and 17)	<u>3,520</u>	<u>-</u>	<u>3,799</u>	<u>-</u>
25XX	Total Non-current Liabilities	<u>13,179</u>	<u>1</u>	<u>15,849</u>	<u>1</u>
2XXX	Total Liabilities	<u>98,310</u>	<u>10</u>	<u>336,082</u>	<u>28</u>
	<b>Equity (Note 20)</b>				
	<b>Capital</b>				
3110	Common Stock	<u>694,650</u>	<u>73</u>	<u>694,650</u>	<u>58</u>
	<b>Capital Surplus</b>				
3210	Capital surplus-share premium	80,720	8	80,720	7
3271	Capital surplus-employee share options	1,660	-	1,660	-
3280	Capital surplus-other	<u>6,801</u>	<u>1</u>	<u>6,801</u>	<u>1</u>
3200	Total Capital Surplus	<u>89,181</u>	<u>9</u>	<u>89,181</u>	<u>8</u>
	<b>Retained Earnings</b>				
3310	Legal reserve	13,289	1	7,284	1
3320	Special reserve	2,931	-	3,078	-
3350	Undistributed earnings	<u>63,161</u>	<u>7</u>	<u>60,055</u>	<u>5</u>
3300	Total Retained Earnings	<u>79,381</u>	<u>8</u>	<u>70,417</u>	<u>6</u>
3410	Exchange differences on translating foreign operations	( 2,985 )	-	( 2,931 )	-
3XXX	Total Equity	<u>860,227</u>	<u>90</u>	<u>851,317</u>	<u>72</u>
	Total Liabilities and Equity	<u>\$ 958,537</u>	<u>100</u>	<u>\$ 1,187,399</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000 (Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Note 4 and 27)				
4100	Sales Revenue	\$ 449,044	99	\$ 428,834	95
4800	Other operating revenue	<u>6,235</u>	<u>1</u>	<u>21,004</u>	<u>5</u>
4000	Total Operating Revenue	455,279	100	449,838	100
	Operating costs (Note 9, 18, 21 and 27)				
5110	Cost of Goods Sold	<u>243,171</u>	<u>53</u>	<u>235,180</u>	<u>53</u>
5900	Gross Profit	212,108	47	214,658	47
5920	Realized gain on transactions with subsidiaries	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>
5950	Realized gross profit	<u>212,108</u>	<u>47</u>	<u>214,687</u>	<u>47</u>
	Operating Expense (Note 8, 18, and 21)				
6100	Marketing Expenses	33,550	8	38,542	8
6200	Administrative Expenses	49,731	11	44,173	10
6300	R&D Expenses	69,150	15	66,862	15
6450	Expected gain on reversal of credit impairment	<u>( 97 )</u>	<u>-</u>	<u>( 131 )</u>	<u>-</u>
6000	Total Operating Expenses	<u>152,334</u>	<u>34</u>	<u>149,446</u>	<u>33</u>
6900	Operating Income	<u>59,774</u>	<u>13</u>	<u>65,241</u>	<u>14</u>
	Non-operating income and expenses (Note 10 and 21)				
7100	Interest Income	750	-	4,497	1
7010	Other revenue	268	-	434	-
7020	Other interests and losses	14,206	3	6,541	2

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Code		2020		2019	
		Amount	%	Amount	%
7050	Financing Costs	(\$ 236)	-	(\$ 3,404)	(1)
7070	Share of gain or loss of subsidiaries accounted for by equity method	1,616	1	(792)	-
7000	Total Non-operating Income and Expenses	16,604	4	7,276	2
7900	Net income before tax	76,378	17	72,517	16
7950	Income tax expenses (Note 4 and 22)	(13,067)	(3)	(12,406)	(3)
8200	Net income	63,311	14	60,111	13
	Other comprehensive income/loss (Note 18 and 20)				
	Items that will not be subsequently reclassified to profit or loss:				
8311	Remeasurement of defined benefit obligation	(164)	-	(56)	-
	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translating foreign operations	(54)	-	147	-
8300	Total other comprehensive income (loss) for the current period	(218)	-	91	-
8500	Total Comprehensive Income (Loss) for the Period	\$ 63,093	14	\$ 60,202	13
	Net profit attributable to:				
8610	Owners of the Company	\$ 63,311	14	\$ 60,111	13
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	\$ 63,093	14	\$ 60,202	13
	Earnings per share (Note 23) from continuing business				
9750	Basic	\$ 0.91		\$ 0.87	
9850	Diluted	\$ 0.91		\$ 0.82	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

Code		Capital Surplus					Retained Earnings			Other Equity	Treasury Stock	Total Equity
		Capital	Share Premium	Employee Share Options	Preferred Stock-Conversion Right	Other	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating foreign operations		
		Common Stock										
A1	Balance at January 1, 2019	\$ 708,470	\$ 100,044	\$ 1,660	\$ 6,801	\$ -	\$ 1,579	\$ 3,124	\$ 57,523	(\$ 3,078)	(\$ 33,144)	\$ 842,979
	Appropriation of 2018 earnings											
B1	Legal reserve	-	-	-	-	-	5,705	-	( 5,705)	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	-	( 46)	46	-	-	-
B5	Cash dividend for common stock	-	-	-	-	-	-	-	( 47,272)	-	-	( 47,272)
B7	Cash dividend for preferred stock	-	-	-	-	-	-	-	( 4,592)	-	-	( 4,592)
J1	Invalid conversion right due to maturity of convertible preferred stock (Note 20)	-	-	-	( 6,801)	6,801	-	-	-	-	-	-
L1	Retirement of treasury stock (Note 20)	( 13,820)	( 19,324)	-	-	-	-	-	-	-	33,144	-
D1	Net profit for the year ended 2019	-	-	-	-	-	-	-	60,111	-	-	60,111
D3	Other comprehensive income for the year ended 2019	-	-	-	-	-	-	-	( 56)	147	-	91
	[New account (add)]	-	-	-	-	-	-	-	-	-	-	-
Z1	Balance at December 31, 2019	694,650	80,720	1,660	-	6,801	7,284	3,078	60,055	( 2,931)	-	851,317
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	-	-	-	6,005	-	( 6,005)	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	-	( 147)	147	-	-	-
B5	Cash dividend for common stock	-	-	-	-	-	-	-	( 54,183)	-	-	( 54,183)
D1	Net profit for the year 2020	-	-	-	-	-	-	-	63,311	-	-	63,311
D3	Other comprehensive income for the year ended 2020	-	-	-	-	-	-	-	( 164)	( 54)	-	( 218)
Z1	Balance at December 31, 2020	<u>\$ 694,650</u>	<u>\$ 80,720</u>	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ 6,801</u>	<u>\$ 13,289</u>	<u>\$ 2,931</u>	<u>\$ 63,161</u>	<u>(\$ 2,985)</u>	<u>\$ -</u>	<u>\$ 860,227</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

Maxigen Biotech Inc.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

Code		2020	2019
	Net cash flow from operating activities		
A10000	Net income before tax for current year	\$ 76,378	\$ 72,517
A20000	Adjustments for:		
A20100	Depreciation expense (including depreciation of investment property)	31,753	31,189
A20200	Amortization expense	1,162	1,013
A20300	Expected gain on reversal of credit impairment	( 97)	( 131)
A20900	Financing Costs	236	3,404
A21200	Interest Income	( 750)	( 4,497)
A22400	Share of (gain) loss of subsidiaries accounted for by equity method	( 1,616)	792
A22500	Gain on disposal of property, plant and equipment	-	( 19)
A24000	Realized gain on transactions with subsidiaries	-	( 29)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 11,047)	( 905)
A31150	Accounts Receivable	( 8,695)	15,924
A31160	Accounts receivable-related parties	25,427	( 27,882)
A31180	Other Receivables	2,978	( 8,329)
A31200	Inventory	1,131	( 6,388)
A31230	Net defined benefit assets	( 25)	( 40)
A31240	Other current assets	( 9,229)	( 138)
A32150	Notes and accounts payable	( 837)	2,979
A32180	Other Payables	( 2,351)	3,577
A32230	Other Current Liabilities	( 5,278)	4,877
A33000	Cash inflow from operating activities	99,140	87,914
A33100	Interest received	815	4,497
A33300	Interest paid	( 8,819)	( 276)
A33500	Income tax paid	( 16,230)	( 267)
AAAA	Net cash inflow from operating activities	<u>74,906</u>	<u>91,868</u>
	Cash flow from investing activities		
B06500	Increase of other financial assets	( 20,458)	( 279,261)
B06600	Decrease in other financial assets	172,307	346,466

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Code		2020	2019
B02700	Acquisition of property, plant and equipment	(\$ 10,739)	(\$ 23,073)
B02800	Disposal of property, plant and equipment	-	19
B03700	Increase in refundable guarantee deposits	( 20)	( 10)
B03800	Decrease in guarantee deposits	30	10
B04500	Acquisition of intangible assets	( 599)	( 664)
B06700	Increase in other non-current assets	( <u>1,390</u> )	( <u>898</u> )
BBBB	Net cash inflow from investing activities	<u>139,131</u>	<u>42,589</u>
	Cash flow from financing activities		
C02900	Repay preferred stock liabilities	( 214,539)	-
C03100	Decrease in guarantee deposits received	( 70)	-
C04500	Distribution of cash dividend	( 54,183)	( 51,864)
C04020	Payment of lease liabilities	( <u>2,280</u> )	( <u>2,239</u> )
CCCC	Net cash outflow from financing activities	( <u>271,072</u> )	( <u>54,103</u> )
EEEE	Net (decrease) increase in cash and cash equivalents	( 57,035)	80,354
E00100	Cash and cash equivalents at the beginning of the year	<u>250,469</u>	<u>170,115</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 193,434</u>	<u>\$ 250,469</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Li-Teh Hsu

Manager: Song-Ching Chen

Accounting Manager: I-Hua Yu

## Attachment 4

### Maxigen Biotech Inc. Comparison Table of the "Code of Ethical Conduct" before and after Amendment

Amendment	Current Articles	Explanation
<p>Article 4 Prevent from any conflict of interests; The Company's directors and managers shall handle official business in an objective and efficient manner, and not make improper benefits for themselves, their spouses, parents or relatives within the second degree of kinship by their positions in the Company.</p> <p>The loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving affiliated companies at which the aforementioned individuals work. The Company shall establish a policy aimed at preventing conflict of interests, and shall offer appropriate means for directors and managers to voluntarily explain whether there is any potential conflict between them and the Company.</p>	<p>Article 4 Prevent from any conflict of interests; The Company's directors and managers shall handle official business in an objective and efficient manner, and not make improper benefits for themselves, their spouses, parents, children or relatives within the second degree of kinship by their positions in the Company.</p> <p>The loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving affiliated companies at which the aforementioned individuals work. The Company shall establish a policy aimed at preventing conflict of interests, and shall offer appropriate means for directors and managers to voluntarily explain whether there is any potential conflict between them and the Company.</p>	<p>Considering that parents and children are relatives within the second degree of kinship, the text is simplified accordingly.</p>
<p>Article 10 Encourage reporting any illegal or unethical activities: The Company shall strengthen the ethical concepts and encourage employees to report any suspicions or discoveries of violations of law or the ethical code of conduct, and report same to the Independent Directors in the Audit Committee, managers, internal audit supervisor, or other appropriate personnel. In order to encourage employees to report illegal conduct, the</p>	<p>Article 10 Encourage reporting any illegal or unethical activities: The Company shall strengthen the ethical concepts and encourage employees to report any suspicions or discoveries of violations of law or the ethical code of conduct, and report same to the Independent Directors in the Audit Committee, managers, internal audit supervisor, or other appropriate personnel. To encourage employees to report violations, the Company shall</p>	<p>2. The text is amended in accordance with Article 23 of the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies which includes "allow anonymous whistleblowing."</p>

Amendment	Current Articles	Explanation
<p>Company shall establish a concrete whistle-blowing system, allow anonymous whistle-blowing, and make employees aware that the Company will use its best efforts to ensure the safety of whistle-blowers and protect them from reprisals.</p>	<p>establish specific whistle-blowing system, and make employees aware that the Company will use its best efforts to ensure the safety of the reporters and protect them from reprisals.</p>	
<p>Article 14: Implementation:  The Company's code of ethical conduct shall enter into force after it has been adopted by the board of directors, and submitted to a shareholders' meeting.  This Code was first established on May 5, 2015  <u>The first amendment was made on March 27, 2020.</u>  <u>The second amendment was made on December 14, 2020</u></p>	<p>Article 14: Implementation:  The Company's code of ethical conduct shall enter into force after it has been adopted by the board of directors, and submitted to a shareholders' meeting.  This Code was first established on May 5, 2015  <u>This Code was amended on Mar. 27, 2020</u></p>	<p>The dates of amendment are specified</p>

**Maxigen Biotech Inc.**  
**Comparison Table of the Articles of Incorporation before and after the  
Amendment**

Sequence Number of the Article	Amendment	Current Articles	Explanation
Article 2	<p>The Company's registered scope of business operations are as follows:</p> <ol style="list-style-type: none"> <li>1. F108031 Wholesale of Medical Devices</li> <li>2. F108011 Wholesale of Traditional Chinese Medicine</li> <li>3. F108021 Wholesale of Western Pharmaceutical</li> <li>4. F108040 Wholesale of Cosmetics</li> <li>5. IG01010 Biotechnology Services</li> <li>6. C802100 Cosmetics Manufacturing</li> <li>7. C801030 Precision Chemical Material Manufacturing</li> <li>8. CF01011 Medical Devices Manufacturing</li> <li>9. CE01030 Optical Instruments Manufacturing</li> <li>10. <u>ZZ99999 All businesses not prohibited or restricted by law, except for those subject to special approval</u></li> </ol>	<p>The Company's registered scope of business operations are as follows:</p> <ol style="list-style-type: none"> <li>1. F108031 Wholesale of Medical Devices (limited to Standard Industrial Classification of ROC 4565 Wholesale of Watches, Clocks and eyeglasses, 4571 Wholesale of Pharmaceutical and Medical Goods, and 4649 Wholesale of Other Machinery and Equipment)</li> <li>2. F108011 Wholesale of Traditional Chinese Medicine (limited to Standard Industrial Classification of ROC 4571 Wholesale of Pharmaceutical and Medical Goods; Chinese medicine is not included.)</li> <li>3. F108021 Wholesale of Western Pharmaceutical (limited to Standard Industrial Classification of ROC 4571 Wholesale of Pharmaceutical and Medical Goods)</li> <li>4. F108040 Wholesale of Cosmetics (limited to Standard Industrial Classification of ROC 4572 Wholesale of Cosmetics)</li> <li>5. IG01010 Biotechnology Services (limited to Standard Industrial Classification of ROC 7210 Research and Experimental Development on Natural Sciences and Engineering)</li> <li>6. C802100 Cosmetics Manufacturing (limited to Standard Industrial Classification of ROC 1940 Manufacturing of Cosmetics)</li> <li>7. C801030 Precision Chemical Material Manufacturing (limited to Standard Industrial Classification of ROC 1810 Manufacturing of Basic Chemical Materials; Nitroglycerin, Mercury Chlor-alkali, CFC, halon, trichloroethane, Carbon tetrachloride, Category A precursor chemicals listed by UN Convention on the Prohibition of Chemical Weapons are not included).</li> <li>8. CF01011 Medical Devices Manufacturing</li> </ol>	<p>As the Company's sources of capital have not included any funds from Mainland China, the Company modified the business scope to be in a positive list and added a new Item 10.</p>

Sequence Number of the Article	Amendment	Current Articles	Explanation
		(limited to Standard Industrial Classification of ROC 2760 Manufacturing of Irradiation and Electromedical Equipment, 3321 Manufacturing of Eyeglasses, and 3329 Manufacturing of Other Medical Instruments and Supplies) 9. CE01030 Optical Instruments Manufacturing (limited to Standard Industrial Classification of ROC 2729 Manufacturing of Other Communication Equipment, 2730 Manufacturing of Audio and Video Equipment, 2771 Manufacturing of Cameras, 2779 Manufacturing of Other Optical Instruments and Equipment, and 3321 Manufacturing of Eyeglasses)	
Article 21	<p>The Articles were first established on November 27, 1998.</p> <p>The first amendment was on May 2, 2000.</p> <p>The second amendment was on August 31, 2001.</p> <p>The third amendment was on July 29, 2002.</p> <p>The fourth amendment was on May 3, 2003.</p> <p>The fifth amendment was on September 25, 2003.</p> <p>The sixth amendment was on May 18, 2004.</p> <p>The seventh amendment was on June 24, 2005.</p> <p>The eighth amendment was on June 29, 2006.</p> <p>The ninth amendment was on January 19, 2007.</p> <p>The tenth amendment was on June 29, 2007.</p> <p>The eleventh amendment was on June 23, 2008.</p> <p>The twelfth amendment was on June 28, 2010.</p> <p>The thirteenth amendment was on May 25, 2011.</p> <p>The fourteenth amendment was on June 7, 2012.</p> <p>The fifteenth amendment was on June 22, 2015.</p> <p>The sixteenth amendment was on Dec. 25, 2015.</p> <p>The seventeenth amendment was on Jun. 24, 2016.</p> <p>The eighteenth amendment was on June 26, 2017.</p> <p>The nineteenth amendment was on June 26, 2018.</p> <p>The twentieth amendment was on June 26, 2019.</p> <p>The twenty-first amendment was made on Jun. 29, 2020.</p> <p><u>The twenty-second amendment was made on June 30, 2021.</u></p>	<p>The Articles were first established on November 27, 1998.</p> <p>The first amendment was on May 2, 2000.</p> <p>The second amendment was on August 31, 2001.</p> <p>The third amendment was on July 29, 2002.</p> <p>The fourth amendment was on May 3, 2003.</p> <p>The fifth amendment was on September 25, 2003.</p> <p>The sixth amendment was on May 18, 2004.</p> <p>The seventh amendment was on June 24, 2005.</p> <p>The eighth amendment was on June 29, 2006.</p> <p>The ninth amendment was on January 19, 2007.</p> <p>The tenth amendment was on June 29, 2007.</p> <p>The eleventh amendment was on June 23, 2008.</p> <p>The twelfth amendment was on June 28, 2010.</p> <p>The thirteenth amendment was on May 25, 2011.</p> <p>The fourteenth amendment was on June 7, 2012.</p> <p>The fifteenth amendment was on June 22, 2015.</p> <p>The sixteenth amendment was on December 25, 2015.</p> <p>The seventeenth amendment was on June 24, 2016.</p> <p>The eighteenth amendment was on June 26, 2017.</p> <p>The nineteenth amendment was on June 26, 2018.</p> <p>The twentieth amendment was on June 26, 2019.</p> <p>The twenty-first amendment was made on Jun. 29, 2020.</p>	<p>Added the amendment date.</p>

**Maxigen Biotech Inc.**  
**Comparison Table of Rules for Procedures of Shareholders' Meeting**  
**Before and After the Amendment**

Amendment	Current Articles	Explanation
<p>Article 3</p> <p>Paragraph 1 to 3 omitted.</p> <p>Election or dismissal of directors, changes to the Articles of Incorporation, reduction of capital, application of ceasing its status as a public company, waiver of non-compete clauses for directors, capital increase from retained earnings, capital increase from surplus, dissolution, merger and division of the Company, or all items pertaining to Paragraph 1 of Article 185 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.</p> <p>Where the causes or subjects for convening a shareholders' meeting had specified a re-election of all directors and their terms of office, after the completion of the election for that meeting, the terms of office for the directors cannot be altered by extempore motions or any other means in the same meeting.</p> <p>Shareholders who own more than 1% of the Company's current outstanding shares are entitled to propose matters for discussion in annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act are proposed as matters for discussion by a</p>	<p>Article 3</p> <p>Paragraph 1 to 3 omitted.</p> <p>Election or dismissal of Directors, change of Articles of Incorporation, reduction of capital, application of ceasing its status as a public company, waiver of non-compete clauses for directors, capital increase from retained earnings, capital increase from surplus, dissolution, merger and division of the Company, or any listed in Paragraph 1, Article 185 of the Company Act shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions; the main contents shall be placed on the website designated by the competent securities authority or the Company, and the website address shall be stated in the notice.</p> <p>Where the causes or subjects for convening a shareholders' meeting had specified a re-election of all directors and their terms of office, after the completion of the election for that meeting, the terms of office for the directors cannot be altered by extempore motions or any other means in the same meeting.</p> <p>Shareholders who own more than 1% of the Company's current outstanding shares are entitled to propose matters for discussion in annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, where the agenda item proposed by the shareholder is for the public interests or fulfills social responsibilities, the Board of Directors may still include such item in</p>	<p>1. To prevent TWSE-listed companies from misunderstanding matters not set forth in subparagraphs under Paragraph 1, Article 185 of the Company Act can be raised as an extempore motion, the wordings are amended to list all relevant acts which contain matters not to be raised as special motions.</p> <p>2. This paragraph is amended in accordance with amendments to Paragraph 5, Article 172 of the Company Act and Official Letter Jing-Shang-Zi No.10700105410.</p>

Amendment	Current Articles	Explanation
<p>shareholder, the board of directors may exclude it from the agenda. Shareholders may submit suggestive proposals to urge this Company to promote the public interest or fulfill its social responsibilities. It shall be limited to one proposal in terms of the procedure in accordance with the Article 172-1 of the Company Act. Any proposal in excess shall be excluded from the agenda.</p> <p>The following content is omitted.</p>	<p>the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act are proposed as matters for discussion by a shareholder, the board of directors may exclude it from the agenda.</p> <p>The following content is omitted.</p>	
<p>Article 9</p> <p>Paragraph 1 omitted.</p> <p>The chairperson shall call the meeting to order at the time scheduled for the meeting, as well as announcing information such as the number of shares with no voting right and shares present. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting; however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. The chairperson shall dismiss the meeting if shareholders in attendance represent less than one-third of outstanding shares after two postponements.</p> <p>The following content is omitted.</p>	<p>Article 9</p> <p>Paragraph 1 omitted.</p> <p>The chair shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting; however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. The chairperson shall dismiss the meeting if shareholders in attendance represent less than one-third of outstanding shares after two postponements.</p> <p>The following content is omitted.</p>	<p>In order to enhance corporate governance and safeguard the rights and interests of shareholders, amendments are made to paragraph 2.</p>
<p>Article 14</p> <p>When there are directors to be elected in the Shareholders' Meeting, it shall be handled in accordance with the relevant election rules set by the Company. The election results shall be declared on the spot, including the list of elected directors and the numbers of elected votes they obtained, as well as the list of unelected directors and the number of votes they received.</p> <p>The following content is omitted.</p>	<p>Article 14</p> <p>When there are directors to be elected in the Shareholders' Meeting, it shall be handled in accordance with the relevant election rules set by the Company. The election results shall be declared on the spot, including the list of elected directors and the numbers of elected votes they obtained.</p> <p>The following content is omitted.</p>	<p>In order to enhance corporate governance and safeguard the rights and interests of shareholders, amendments are made to paragraph 1.</p>

Amendment	Current Articles	Explanation
<p>Article 20</p> <p>These Rules were first established on June 18, 2010.</p> <p>The first amendment was made on June 18, 2013.</p> <p>The second amendment was made on June 22, 2015.</p> <p>The third amendment was made on June 26, 2018.</p> <p>The fourth amendment was made on June 29, 2020.</p> <p><u>The fifth amendment was made on June 30, 2021</u></p>	<p>Article 20</p> <p>These Rules were first established on June 18, 2010.</p> <p>The first amendment was made on June 18, 2013.</p> <p>The second amendment was made on June 22, 2015.</p> <p>The third amendment was made on June 26, 2018.</p> <p>The fourth amendment was made on June 29, 2020.</p>	<p>Added the amendment date.</p>

**Maxigen Biotech Inc.**  
**Comparison Table of Procedures for Election of Directors Before and After the Amendment**

Amendment	Current Articles	Explanation
<p>Article 1</p> <p><u>To ensure a just, fair, and open election of directors, the Rules are formulated pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</u></p>		1. Revised according to "Sample Template for Procedures for Election of Directors" announced by TWSE on June 3, 2020.
<p>Article 2</p> <p>Skipped</p>	<p>Article 1</p> <p>Skipped</p>	Original Article 1 is moved to Article 2, with the text remains unchanged.
<p>Article 3</p> <p>Skipped</p>	<p>Article 2</p> <p>Skipped</p>	Original Article 2 is moved to Article 3, with the text remains unchanged.
<p>Article 4</p> <p><u>The qualifications of the Independent Directors of the Company shall be in accordance with the provisions of Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</u></p> <p><u>The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and shall be conducted in accordance with Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."</u></p>	<p>Article 3</p> <p><u>The qualifications for and election of the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and relevant laws and regulations.</u></p> <p>Article 4</p> <p><u>The establishment of independent directors shall be specified in the Articles of Incorporation and elected from the list of candidates for independent director by the shareholders.</u></p> <p><u>The elections of independent directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to candidate of independent directors and may</u></p>	<p>1. Original Article 3 and Article 4 are combined into Article 4</p> <p>2. Amend according to the Letter Jin-Guan-Zheng-Fa-Zi No.1070345233 dated on December 19, 2018, requiring all TWSE/TPEX listed companies should set up independent directors.</p> <p>3. More detailed amendments were made pursuant to the "Sample Template for Procedures for Election of Directors" announced by the TWSE on June 3, 2020.</p>

Amendment	Current Articles	Explanation
	<p><u>not arbitrarily add any other request for qualification document. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected.</u></p> <p><u>The election of independent directors and the election of non-independent directors shall be conducted at the same time, with the votes calculated and candidates elected separately.</u></p>	
<p>Article 5</p> <p><u>The Company's election of Directors shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act.</u></p> <p><u>When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a by-election of director at the next following shareholders' meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the company shall convene a special shareholders' meeting within 60 days of the occurrence of that fact to hold a by-election for directors.</u></p> <p><u>When the number of the independent directors falls below the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy.</u></p> <p><u>When the independent directors are dismissed, a Special Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p>		<p>1. Original Article 5 is moved to Article 6.</p> <p>2. Amend in accordance with the amendment of Article 192-1 of the Company Act regarding the streamlined procedures for nomination of directors.</p> <p>3. More detailed amendments were made pursuant to the "Sample Template for Procedures for Election of Directors" announced by the TWSE on June 3, 2020.</p>
<p>Article 6</p> <p>Skipped</p>	<p>Article 5</p> <p>Skipped</p>	<p>Original Article 5 is moved to Article 6, with the text remains unchanged.</p>
<p>Article 7</p> <p>Skipped</p>	<p>Article 6</p> <p>Skipped</p>	<p>Original Article 6 is moved to Article 7, with the text remains unchanged.</p>

Amendment	Current Articles	Explanation
Article 8 Skipped	Article 7 Skipped	Original Article 7 is moved to Article 8, with the text remains unchanged.
Article 9 Skipped	Article 8 Skipped	Original Article 8 is moved to Article 9, with the text remains unchanged.
	<p>Article 9</p> <p><u>In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in in the "candidate" column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's name and ID number. However, when the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</u></p>	<p>In accordance with Order No. 1080311451 issued by Financial Supervisory Commission on April 25, 2019, with effect from 2021, all TWSE and TPEX listed companies shall adopt a candidate nomination system for the election of Directors and Supervisors, and shareholders shall elect the Directors and Supervisors from the list of director candidates. Prior to the shareholders' meeting, shareholders may familiarize with the names, education, working experience, background and other relevant information of the candidates via the roster; verification of shareholders by shareholder number or ID number is no longer necessary and is deleted accordingly.</p>

Amendment	Current Articles	Explanation
<p>Article 10</p> <p>A ballot is deemed void if any of the following circumstances occurs:</p> <p>1. The ballot was not prepared by a person with the right to convene.</p> <p>2. Any blank ballot.</p> <p>3. Any ballot with unrecognizable writing, or any ballot with corrections.</p> <p><u>4. Where the name of a Director entered into the ballot is found not included in the candidate list.</u></p> <p><u>5. Other words or marks are entered in addition to the number of voting rights allotted.</u></p>	<p>Article 10</p> <p>A ballot is deemed void if any of the following circumstances occurs:</p> <p>1. The ballot was not prepared by the board of directors.</p> <p>2. Any blank ballot.</p> <p>3. Any ballot with unrecognizable writing.</p> <p><u>4. Where any filled in item on the ballot has been altered.</u></p> <p><u>5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and ID number do not match.</u></p> <p><u>6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or ID number) and the number of voting rights allotted.</u></p> <p><u>7. Two or more candidates on the same one vote.</u></p> <p><u>8. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID number is provided in the ballot to identify such individual.</u></p>	<p>1. Amend Subparagraph 1 in accordance with Article 173 of the Company Act, stipulating that shareholders may, upon approval of the competent authority, convene a shareholders' meeting under certain circumstances (e.g., the Board of Directors' failure to give a notice for convening a shareholders' meeting).</p> <p>2. Amend the Article according to the Financial Supervisory Commission Order Jin-Guan-Zheng-Jiao-Zi No.1080311451 dated on April 25, 2019, requiring that TWSE/TPEX listed companies should conduct the elections of directors and supervisors using the candidate nomination system, effective in 2021.</p> <p>Shareholders shall elect directors from the list of director candidates.</p>
	<p><u>Article 11</u></p> <p><u>Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:</u></p> <p><u>I. Spouse.</u></p> <p><u>II. Relatives within second degree of kinship.</u></p>	<p>1. The "Sample Template for Procedures for Election of Directors" announced by TWSE on June 3, 2020 has been included in Article 3. Therefore, this article is deleted.</p>

Amendment	Current Articles	Explanation
	<p><u>Article 12</u>  <del>Where the elected directors do not meet the conditions of the preceding article, determination of which directors are elected shall be made according to the following provisions:</del>  <del>I. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.</del></p>	<p>1. Delete this article according to the "Sample Template for Procedures for Election of Directors" announced by TWSE on June 3, 2020.</p>
<p>Article 11  Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman.  The following content is omitted.</p>	<p>Article 13  Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman.  The following content is omitted.</p>	<p>1. The original Article 13 is moved to Article 11.  2. Amend this article according to the "Sample Template for Procedures for Election of Directors" announced by TWSE on June 3, 2020.</p>
<p>Article 12  The Rules and any amendment thereafter shall become effective upon resolution at the shareholders' meeting.  These Rules were first established on June 28, 2010.  The first amendment was made on June 18, 2013.  The second amendment was made on June 22, 2015.  The third amendment was made on June 29, 2020.  <u>The fourth amendment was made on June 30, 2021.</u></p>	<p>Article 14  The Rules and any amendment thereafter shall become effective upon resolution at the shareholders' meeting.  These Rules were first established on June 28, 2010.  The first amendment was made on June 18, 2013.  The second amendment was made on June 22, 2015.  The third amendment was made on June 29, 2020.</p>	<p>1. The original Article 14 was moved to Article 12.  2. Added amendment date.</p>

Maxigen Biotech Inc.  
Assessment opinion regarding the necessity and  
reasonableness of private placement of common stock

Assessment conductor: Taishin Securities Co.

Representative: Chia-Hung Kuo

May 13, 2021

Maxigen Biotech Inc. (hereunder referred to as "the Company" or "Maxigen") proposed to convene the Board of Directors Meeting on May 14, 2021 to discuss the private placement of common stock (hereunder referred to as "the proposal" or "the private placement") within limit of no more than 11,000,000 shares according to Article 43-6 of the Securities and Exchange Act. The proposal needs to be further resolved by Shareholders' Meeting on June 30, 2021. According to Directions for Public Companies Conducting Private Placements of Securities, if there is a significant change in managerial control within the 1 year period immediately preceding the day on which the board of directors resolves on the private placement, or if there will be a significant change in managerial control after the introduction of strategic investor through private placement, the company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement, and shall state the opinion in the notice to convene the shareholders' meeting to serve as a reference for the shareholders to decide whether to agree.

The assessment opinion is only used as a reference for the Company's private placement in 2021 and shall not be used for other purposes. The assessment opinion is prepared based on the content of proposal of private placement to be resolved by Board on May 14, 2021 and other public information on MOPS provided by Maxigen. The assessment opinion does not bear any legal responsibility caused by any change in aforementioned information, change of private placement plan or other matters that might cause the change of this assessment opinion.

#### I. Background of the proposal

Maxigen Biotech Inc. was informed by TCI Co., Ltd. that it has filed public tender offer of the Company's common stocks on March 9, 2021. According to eight shareholders (two of them are the Directors) of the Company, they have signed the tender offer agreement with TCI Co. and committed to urge the Company to hold overall re-election of Directors before the original term. The eight shareholders jointly proposed Director candidates with TCI Co. and supported the candidates with their voting rights. TCI Co. has obtained 12,792,881 shares of the Company through the public tender offer, which is 18.42% of total outstanding issued 69,465,000 shares. As of end of April, 2021, TCI Co. held 17,579,881 Maxigen shares (among which 4,787,000 shares were held prior to public tender offer), which accounted for 25.31% of the Company's total issued shares.

Maxigen Biotech Inc. plans to re-elect all Directors on June 30, 2021. Although there are no circumstances of change of more than one third of Directors on May 14, 2021 when Board of Directors meeting discussed the private placement proposal, the follow up inspection on candidate list of Directors announced on May 7, 2021 and comparison with the original Board members show that it is expected that change of Directors will reach to three seventh of total Director seats (excluding number of Independent Directors). The change is expected to be more than one third of Directors. Thus, according to Directions for Public Companies Conducting Private Placements of Securities, the underwriter is engaged to issue assessment opinion regarding the necessity and reasonableness of this private placement.

#### II. The content of this private placement

Maxigen Biotech Inc. proposed to conduct private placement of no more than 11,000,000 shares of common stock to cope with future long-term development needs and strengthen the Company's competitiveness. The Company proposed the Shareholders' Meeting to authorize the Board of Directors to issue shares once within one year after the Shareholders' Meeting resolution according to market condition and actual need of the Company.

The issuance price of this private placement shall not be less than 80% of the reference price. According to the requirements under the "Directions for Public Companies Conducting Private Placements of Securities," the reference price shall be the higher of the following two calculations: a. The simple average closing price of the common shares for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividend, cash dividend or capital reduction. b. The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividend, cash dividend, or capital reduction. Propose the Shareholders' Meeting to authorize the Board of Directors for determining the price determination date.

III. There is no final conclusion on whether there will be significant change of managerial control after introducing strategic investors through private placement.

The timing of private placement will be after Shareholders' Meeting held on June 30, 2021. For the time being, the placee has not been decided yet. Therefore, the strategic investor to be introduced through the future private placement will be contacted and decided by the re-elected Board of Directors after the Shareholders' Meeting. It is difficult to judge whether the strategic investor who participates in the private placement will obtain the Board of Director seats to participate in the Company's operation. Therefore, it is difficult to judge whether there will be significant change in managerial control. The Company will re-elect Directors in this year's Annual Shareholders' Meeting with three years term. The inspection of TCI's public announcement of public tender offer reveals that the purpose of the tender offer and obtaining the managerial control of Maxigen is to integrate both companies' resources such as research and development energy, professional technology and sales channels to complement each other as well as strategic cooperation in expanding global medical materials business. There is no plan to transfer the share of Maxigen within one year after the completion of public tender offer. Based on the above purpose and inquiry of the Company's management, there should be no transfer of managerial control again within one year of private placement.

IV. The necessity and reasonableness of this private placement

(I) The necessity of private placement

The Company's primary operation is the purification of collagen, the research and development, manufacturing and sales of biomedical products of genetic treatment for various diseases; wholesale of various types of medical devices, pharmaceuticals, foods, facial masks, skin care products; and manufacturing and sales of confidential chemical materials. Collagen related products can be respectively applied in the beauty and medical fields.

In the beauty and skincare products market, according to the market research company Statista's report, global sales of beauty and skincare products in 2018 amounted to US\$507.8 billion. The fact that consumers in emerging markets start to use cosmetics, the trend of younger consumer age, the introduction of new natural and environmental-friendly products have promoted the industry upgrade. The market size is estimated to reach US\$603.0 billion in 2021, representing a compound annual growth rate(CAGR) of 5.9%. In the medical market, according to the market research company TrendForce's Biotech Industry Report, the scale of the global medical materials market reached US\$444.2 billion in 2018, and the annual production value will grow to US\$577.6 billion by 2023, at a compound annual growth rate of 5.4%. The Company's sales revenue from 2018 to 2020 are NT\$427,680 thousand, NT\$452,199 thousand, and

NT\$457,691 thousand, respectively. The CAGR is 3.45%. There is still big room for revenue growth momentum comparing to the overall industry market scale.

The Company is committed to the development of bio-medical materials technology and products. Although a solid foundation has been established, substantial time and funding for the development of technology, products and markets are still required since the biotechnology and healthcare industry is a high-tech industry. In order to keep abreast of industry trends and global business opportunities, the strategic alliance with industry players is a common and feasible way to enhance competitiveness and expand market presence.

In order to meet future long-term operation development needs, the Company intends to introduce strategic investors through private placement. The Company will consider placees who have relation with the Company's business development and cooperation synergy when selecting the placee. It is hoped that through the experience and technology of the placee, the Company will be able to enhance competitive advantages, strengthen financial structure, enhance operating performance and competitiveness to bring positive benefits to the Company. Common stock issued through private placement is restricted to transfer within three years, which is beneficial in creating long-term cooperation relationship with the strategic investor. Therefore, it is necessary for the Company to issue common stock through private placement.

(II) The reasonableness of private placement

Maxigen Biotech Inc. proposed to discuss the private placement of common stock in Board of Directors Meeting on May 14, 2021 and Shareholders' Meeting on June 30, 2021. The Board Meeting proposal's content, pricing method, and selection of placee were inspected and it was concluded that they meet the rule stipulated by Securities and Exchange Act and related regulation. The Company has net income after tax and no accumulated deficit in recent years. According to related regulation, the private placement should completely be used to introduce strategic investors. It is expected to enhance market competitiveness and strengthen overall financial structure to fulfill the need of future long-term development. Comparing with public offering, common stock issued through private placement is restricted to transfer within three years, which is beneficial to the long-term cooperation relationship between the Company and strategic investors, which is beneficial to the Company's business, finance, and shareholders' equity. Therefore, it is reasonable for the Company to issue common stock through private placement.

V. Conclusion

Maxigen Biotech Inc. intends to introduce strategic investor through private placement to fulfill the need for future long-term development. In addition to strengthen financial structure, the more important purpose is to build a long-term stable cooperation relationship with strategic investor and strengthen the Company's competitiveness and enhance operating performance through introducing the strategic investor, which has positive effect on the Company's finance, business, and overall shareholders' equity. Therefore, it is necessary and reasonable for the Company to make capital increase in cash through private placement and introduce strategic investors.

## List of Director Candidates

Name	Education	Experience	Current position	Shareholding of the Company (shares)
Representative of TCI Co., Ltd. Yung-Hsiang Lin	Bachelor Degree in Botany, National Chung Hsing University	1. Vice President of TCI Co. 2. Manager, Biomedical Department, Ta Chiang International Co., Ltd. 3. Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc.	Chairman and President of TCI Co., Ltd.	TCI Co., Ltd.: 17,579,881 shares; Yung-Hsiang Lin: 0 shares.
Representative of TCI Co., Ltd. Chen-Chen Fu	Bachelor Degree in Public Finance, Feng Chia University	Manager of TCI Co., Ltd.	Supervisor, Cost Management Center, TCI Co., Ltd.	TCI Co., Ltd.: 17,579,881 shares; Chen-Chen Fu: 0 shares.
Representative of TCI Co., Ltd. Chen-Chia Huang	Bachelor Degree in Law, Soochow University	1. Consultant, Friendly Law Office 2. Assistant Manager, Legal Affairs, TCI Co., Ltd.	Supervisor, Corporate Governance, TCI Co., Ltd.	TCI Co., Ltd.: 17,579,881 shares; Chen-Chia Huang: 0 shares.
Representative of China Investment and Development Co., LTD. Hsiu-Yuan Lee	Master of Economics, San Jose State University, USA	1. Senior Vice President of CIDC Consultants INC. 2. Director of Yung Yu Consulting Co. 3. Securities analyst, International Department of CTBC Securities 4. Project specialist, Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute	President of CIDC Consultants INC.	China Investment and Development Co., LTD.: 1,191,939 shares; Hsiu-Yuan Lee: 0 shares.

## List of Independent Director Candidates

Name	Education	Experience	Current position	Shareholding of the Company (shares)
Sung-Yuan Liao	Doctor Degree, National Chung Hsing University	1. Associate Professor, Department of Life Science, National Chung Hsing University 2. Lecturer, Department of Life Science, National Chung Hsing University 3. Teaching Assistant, Department of Life Science, National Chung Hsing University	1. Independent Director of TCI Co., Ltd. 2. Part-time Associate Professor, Department of Life Science, National Chung Hsing University	0 Shares
Shih-Ming Li	1. School of Medicine, National Defense Medical Center 2. Researcher of Reproductive Endocrinology and Infertility, University of California, USA	1. Doctor of Li Ming Obstetrics and Gynecology Clinic 2. Director of Obstetrics and Gynecology, Air Force General Hospital 3. Representative, Reproduction Medicine Center, Air Force General Hospital	1. Attending Doctor, Obstetrics and Gynecology, Chung Shan Hospital 2. Representative, Reproduction Medicine Center, Chung Shan Hospital 3. Deputy Director of Chung Shan Hospital 4. Independent Director of TCI Co., Ltd.	0 Shares
Chung-Ming Tseng	1. Master, Department of Industrial Engineering, National Chiao Tung University 2. Bachelor, Department of Industrial Engineering and Management, National Chiao Tung University	1. Director, Value-Added Mobile Business Unit, Fullerton Technology Co., LTD. 2. Chairman, Net Publishing Co., Ltd	Founder and CEO of Best Moment Inc.	0 Shares

## Waiver of Non-Compete Clause for Directors

Type of nomination	Name	Waiver of the non-compete clause for Directors
Director	Representative of TCI Co., Ltd. Yung-Hsiang Lin	Chairman of TCI Co., Ltd. President of TCI Co., Ltd. Chairman of TCI Living Co., Ltd. (Representative Director of TCI Gene Inc.) Chairman of TCI Gene Inc. Chairman of TCI Firststek Corp. (Representative Director of TCI Co., Ltd.) President of TCI Firststek Corp. Chairman of BioTrade, Shanghai BioTech Group Chairman of BioFunction, Shanghai BioTech Group Executive Director of BioCosme, Shanghai BioTech Group Executive Director of BioScience, Shanghai BioTech Group President of BioScience, Shanghai BioTech Group Director of TCI HK LIMITED Director of GLUX HK LIMITED Chairman of Quantum Biology Inc. (Representative Director of TCI Co., Ltd.) Director of IO Package (Representative Director of Yung-Chiang Investment Co., Ltd.)
Director	Representative of TCI Co., Ltd. Chen-Chen Fu	Supervisor, Cost Management Center, TCI Co., Ltd.
Director	Representative of TCI Co., Ltd. Chen-Chia Huang	Supervisor, Corporate Governance, TCI Co., Ltd.
Director	Representative of China Investment and Development Co., LTD. Hsiu-Yuan Lee	Director of Mycenax Biotech Inc. (Representative Director of China Investment and Development Co., LTD.) Director of Intech Biopharm Corporation (Representative Director of China Investment and Development Co., LTD.) Director of INNOPHARMAX (Representative Director of China Investment and Development Co., LTD.) Director of Advagene Biopharma Co., Ltd. (Representative Director of China Investment and Development Co., LTD.) Director of Acepodia Biotechnologies, Limited Director of Acepodia, Inc.
Independent Director	Sung-Yuan Liao	Independent Director of TCI Co., Ltd.
Independent Director	Shih-Ming Li	Independent Director of TCI Co., Ltd.
Independent Director	Chung-Ming Tseng	Lifting of Non-Compete clause is not required.

## Articles of Incorporation of Maxigen Biotech Inc.

### Section I General Provisions

- Article 1: The Company has been incorporated in accordance with the provisions of the Company Act. Its name shall be 和康生物科技股份有限公司 in the Chinese language and Maxigen Biotech Inc. in the English language.
- Article 2: The scope of business of this Company shall be as follows:
1. F108031 Wholesale of Medical Devices (limited to Standard Industrial Classification of ROC 4565 Wholesale of Watches, Clocks and eyeglasses, 4571 Wholesale of Pharmaceutical and Medical Goods, and 4649 Wholesale of Other Machinery and Equipment)
  2. F108011 Wholesale of Traditional Chinese Medicine (limited to Standard Industrial Classification of ROC 4571 Wholesale of Pharmaceutical and Medical Goods; Chinese medicine is not included.)
  3. F108021 Wholesale of Western Pharmaceutical (limited to Standard Industrial Classification of ROC 4571 Wholesale of Pharmaceutical and Medical Goods)
  4. F108040 Wholesale of Cosmetics (limited to Standard Industrial Classification of the Republic of China 4572 Wholesale of Cosmetics).
  5. IG01010 Biotechnology Services (limited to Standard Industrial Classification of the Republic of China 7210 Nature and Engineering Science Development Services).
  6. C802100 Cosmetics Manufacturing (limited to Standard Industrial Classification of the Republic of China 1940 Cosmetics Manufacturing).
  7. C801030 Precision Chemical Material Manufacturing (limited to Standard Industrial Classification of ROC 1810 Manufacturing of Basic Chemical Material; Nitroglycerin, Mercury Chlor-alkali, CFC, halon, trichloroethane, Carbon tetrachloride, Category A precursor chemicals listed by UN Convention on the Prohibition of Chemical Weapons are not included).
  8. CF01011 Medical Devices Manufacturing (limited to Standard Industrial Classification of ROC 2760 Manufacturing of Irradiation and Electromedical Equipment, 3321 Manufacturing of Eyeglasses, 3329 Manufacturing of Other Medical Instruments and Supplies)
  9. CE01030 Optical Instruments Manufacturing (limited to Standard Industrial Classification of ROC 2729 Manufacturing of Other Communication Equipment, 2730 Manufacturing of Audio and Video Equipment, 2771 Manufacturing of Cameras, 2779 Manufacturing of Other Optical Instruments and Equipment, 3321 Manufacturing of Eyeglasses)

- Article 2-1: The Company may act as a shareholder of limited liability for other companies with the board of directors' approval. The total investment amount, unless otherwise stipulated by the law, shall be exempt from the restrictions that the total investment amount shall not exceed 40 percent of the Company's paid-up capital; however, the total amount may not exceed the Company's paid-up capital. The board resolution for the preceding paragraph shall be made with more than two-thirds of directors present and consent of more than half of all attending directors.
- Article 3: The Company sets up its headquarter in Taoyuan City. If necessary, it may set up branch offices domestically or abroad with a resolution by the Board of Directors. The establishment or termination of a branch office can only be proceeded with after resolution from the board or approval from the competent authority has been received.
- Article 4: Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Law and other relevant laws and regulations.
- Article 4-1: If the Company deems it is necessary to carry out its business, the Company may provide endorsements and guarantees and act as a guarantor.

## Section II Shares

- Article 5: The Company's capital shall be set at NT\$1 billion, divided into 100 million shares with each share having a par value of NT\$10. The above-mentioned shares may be issued in preferred stock. The shares may be issued in installments at the discretion of the board of directors.
- NT\$ 80 million of the capital in the previous paragraph shall be retained for issuance of employee stock option; 8 million shares in total which may be issued in installments in accordance with board resolution.
- The price of the stock option shall be exempted from the restrictions regarding employee stock option certificate in Article 53 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" or the restriction that where the Company wishes to transfer the treasury shares bought back to the employees at a price lower than the average price paid for the shares, the Company shall do so by a resolution of the shareholders' meeting with the concurrence of over two-thirds of votes exercised by the shareholders present at the meeting who represent a majority of the issued shares of the Company.
- Article 5-1: The Company may issue registered series A preferred stocks. Its rights, obligations and major terms of issuance are as follows:
- I. Dividend of preferred stock
- The annual dividend rate of preferred stock is 1%, calculated in accordance with

actual price and date of issuance. After the ratification of the financial statements of the previous year by annual shareholders' meeting and the resolution of earnings distribution, distribution of preferred stock dividend shall be given as priority. The board of directors shall be authorized to set the ex-dividend date for preferred stocks. Unless by statutory requirements, the Company shall not violate the routine resolution and resolve not to distribute earnings. Distribution of cash dividend in the year of issuance shall be calculated from the issuance date proportionally at the ratio of actual number of days after issuance to the total number of days in the year. The date of issuance shall be defined as the record date for capital increase.

If there are no earnings during the year, or earnings are insufficient for dividend distribution of the preferred stocks, or if the Company decides not to distribute earnings, the undistributed or insufficiently distributed dividend shall be made up as soon as possible in the following years when the distributable earnings are available. Except for receiving dividends as specified above, shareholders of preferred stocks are not eligible for the dividend entitlements of common stock, including earnings distribution and the distribution of capital reserves. However, where the dividend distributed for common stock exceeds 1% of its par value, shareholders of preferred stocks have the right to participate in the distribution in accordance with their shareholding ratios.

#### II. Conversion of preferred stocks

Six months after the issuance date, shareholders of preferred stocks may convert the preferred stocks to common stocks at a ratio of one to one. The rights and obligations of the common stocks converted from preferred stocks (apart from transfer restrictions provided by the law and those not in circulation) are the same as other issued common stocks of the Company.

#### III. Voting right and right to be elected

Holders of preferred stocks are entitled voting rights or election rights during shareholders' meetings, they may also be elected as directors.

#### IV. Preferred liquidation

The preferred stocks shall have a higher priority than common stocks in receiving allocation of the remaining assets of the Company. The compensation received, however, shall not exceed issuance price plus the aggregated amount of undistributed dividend. Except for receiving allocation of the remaining assets as specified above, shareholders of preferred stocks are not eligible for the allocation of the remaining asset entitlements of common stocks.

V. Issuance period and redemption

The issuance period of the preferred stock is 4 years, upon the expiration of 4 years from the capital increase record date, the Company shall redeem the preferred stocks in cash at the issuing price plus the aggregated amount of any undistributed dividend. When redeeming preferred stocks, cash dividend up to the redemption date shall be calculated proportionally at the ratio of actual number of days to the total number of days in the year.

VI. Pre-emptive right

When the Company issues new shares by cash for capital increase, shareholders of preferred stocks have the same pre-emptive rights as the shareholders of common stocks.

VII. Capital reduction

During the issuance period of the preferred stocks, a resolution by an extraordinary shareholders' meetings shall be required if the Company plans to reduce its capital, thus leading to a proportional reduction of preferred stocks causing detriments to the interests of the shareholders of preferred stocks. Such resolution shall be adopted with the concurrence of a majority votes exercised by the shareholders of preferred stocks present at the extraordinary shareholders' meeting who represent over two-thirds of the issued preferred stocks of the Company.

VIII. Issuance of preferred stocks

Before all the preferred stocks are redeemed or converted, a resolution by an extraordinary shareholders' meetings shall be required if the Company plans to issue any preferred stocks with right or priority of which superior to or the same as the issued preferred stocks. Such resolution shall be adopted with the concurrence of a majority votes exercised by the shareholders of preferred stocks present at the extraordinary shareholders' meeting who represent over two-thirds of the issued preferred stocks of the Company.

Article 6: The share certificates hereof shall be name-bearing certificates, duly signed by or affixed with seals by the Director who represents the Company, and shall be attested by banks competent to serve as attestors for the issuance of share certificates under the laws.

The Company's issued shares may be free from printing, but they should be registered or kept at centralized securities depository enterprise.

Unless the Company had issued all the authorized shares, the Company may not increase its capital.

The total number of shares after capital increase may be issued in installments.

The Company shall administer all the shareholder affairs in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" announced by competent securities authority.

Article 7: No registration of transfer of shares on shareholder registry shall be made within sixty (60) days prior to the annual shareholders' meeting, nor within thirty (30) days prior to a special (extraordinary) shareholders' meeting, nor within five (5) days prior to the record date on which dividend, bonus or other benefits are scheduled to be paid by the Company.

Article 7-1: The Company's treasury stock purchased in accordance with the Company Act shall be transferred to employees of controlling or affiliate companies that meet certain criteria.

The Company's employee option certificates are issued to employees of controlling or affiliate companies that meet certain criteria.

When the Company issues new shares, the employees eligible for share subscription shall include employees of controlling or affiliate companies that meet certain criteria.

The recipients of restricted employee shares issued by the Company include employees of controlling or affiliate companies that meet certain criteria.

### Chapter III Shareholders' Meetings

Article 8: Shareholders' meetings of the company can be divided into two categories:

I. Annual shareholders' meeting;

II. Extraordinary shareholders' meeting.

The Annual Shareholders' Meeting is convened in accordance with relevant regulations within six months since the end of each fiscal year. A special shareholders' meeting may be held when deemed necessary, in accordance with relevant regulations.

Article 9: Shareholders who are unable to attend the shareholders' meeting may authorize another person to attend through proxy provided by the Company and set forth the scope of the authorization. Representation by proxy, unless otherwise provided in Article 177 of the Company Act, shall be governed by the provisions of the "Regulations Governing the Use of Proxies for Attendance at shareholders' meetings of Public Companies" propagated by the securities competent authority.

Shareholders who own more than 1% of the Company's outstanding shares are entitled to propose, in writing, matters for discussion in the Annual Shareholders' Meeting. Each shareholder may only propose one proposal and each proposal shall consist of no more than 300 words; any further proposals will be excluded from discussion.

- Article 9-1: If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board, When the chairman of the board is unable to attend, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to act as chair. For shareholders' meetings convened by any authorized party other than the board of directors, the convener will act as the meeting chair. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.
- Article 10: Unless otherwise stated by the law, each share of the Company holds 1 voting right. The voting may be conducted in writing or with electronic measures. The choice shall be indicated in the shareholders' meeting notice whether the vote is conducted in written form or electronically. Shareholders exercising their voting rights by correspondence or electronic transmission as previously stated will be deemed to have attended the meeting in person. However, the shareholder shall be regarded as having abstained from voting for extempore motions or amendments to the original motion.
- Article 11: Unless otherwise provided in the Company Law, resolutions shall be adopted by a majority vote at a meeting which is attended by shareholders who represent a majority of the total issued shares.
- Article 11-1: Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each shareholder no later than 20 days after the meeting. These minutes shall be retained in the duration of the existence of the Company. The preparation and distribution of minutes shall be governed by Article 183 of the Company Act.
- Article 11-2: Where the Company plans to withdraw its stocks from public offering, apart from the approval of the board of directors, it shall be submitted to the shareholders' meeting for resolution.

#### Section IV Board of Directors

- Article 12: The Company has seven to nine directors elected by candidate nomination system in accordance with Article 192-1 of the Company Act. Directors are eligible for re-election. The total shareholding ratio of all directors of the Company shall comply with the provisions promulgated by the competent securities authority.
- The Company may purchase liability insurance for Directors for the potential liabilities arising from exercising their duties during their tenure.
- Article 12-1: Among the seats of directors as stated in the preceding paragraph, the seats of independent directors shall be no less than three people or one-fifth of the seats of

directors. In accordance with the relevant regulations of the competent authority, the professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's independent directors, are processed according to relevant legal regulations.

Article 12-2: The Company shall set up an Audit Committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The members of the Audit Committee or the Audit Committee shall be responsible for executing supervisors' duties under the Company Act, the securities exchange law, and other laws and regulations.

The Company may set up other committees under the board of directors. The number of members, term of office, functions, and responsibility of the committees shall be specified in the committee charter of each committee and shall be implemented by the resolution of the board of directors.

Article 13: The Board of Directors shall consist of the directors and the chairman of the board shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board shall represent the Company externally.

The board of directors may establish a vice chairman when necessary, which shall be elected by the directors in accordance with the preceding paragraph.

Article 14: The board of directors shall conduct the Company's business in accordance with the relevant laws and regulation, the Articles of Incorporation and the resolutions of the shareholders' meeting.

Article 15: Upon the Chairperson's leave, absence or unavailability for performance of duties, the delegation shall be duly handled at the meeting in accordance with Article 208 of the Company Act.

Article 15-1: The reasons for convening a board meeting shall be notified to each director at least seven days in advance and the meeting may be convened in the form of letters, e-mail or facsimile. However, in the event of an emergency, the meeting may be convened at any time.

The directors' proxies in attending the board of directors meeting shall be governed by Article 205 of the Company Act.

Article 16: The board is delegated to determine the remuneration to directors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry. The transportation fees of the directors shall be determined with reference to the standard of the industry.

## Section V Manager

- Article 17: The Company shall have one president and several managers. The appointment, discharge and remuneration shall be done in accordance with Article 29 of the Company Act.
- Article 17-1: The Company shall purchase liability insurance for its managers for the potential liabilities arising from exercising their duties during their tenure.

## Section VI Accounting

- Article 18: The Company's board of directors shall prepare (1) business report, (2) financial statements and (3) earnings distribution or loss off-setting proposal after the end of each fiscal year and forward the same to the Annual Shareholders' Meeting for approval.
- Article 19: In case the Company makes profit during the year, no less than 5% of the said profit shall be set aside for employee profit sharing bonus. The Board of Directors shall determine whether to pay the bonus in stocks or cash. Recipients of the said compensation shall include employees of affiliate companies that meet certain criteria. The Board of Directors may set aside no more than 5% of the sum of the aforementioned profit as Directors' compensation. The employees' profit sharing bonus and directors' compensation shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, the amount shall be first set aside to cover the deficit, and then distributed to employees and directors in accordance with the aforementioned percentage.
- Article 19-1: The Company's annual earnings at the end of the year shall be first used to pay all taxes, offset prior year losses, set aside 10% of the remainder as legal reserve; however, no further provision shall be made once the legal reserve has accumulated to the same amount as the total capital; special reserve shall be set aside or reversed by law. The remainder plus the undistributed earnings shall be distributed in accordance with the proposal submitted by the Board of Directors and adopted by the Annual Shareholders' Meeting.
- Article 19-2: The Company is a technology and capital intensive enterprise at its growth period. In order to coordinate the Company's long-term capital plans for sustainable operation and stable growth, the Company adopts the residual dividend policy. In principle, the amount of dividends paid out to shareholders shall be no less than 50% of the amount after the deduction of tax and appropriation of various reserves in accordance with the law. However, under the principle of balanced dividend policy, the undistributed surplus of prior year may be distributed when the current year net

income after tax is insufficient for distribution. When distributing dividends, the main consideration is the Company's future expansion plans and cash flow needs. The stock dividend will at least be 50%, and the rest are made up by cash dividends.

However, the type and ratio of earnings distribution shall be adjusted based on the resolution adopted at the shareholders' meeting according to the actual profit and fund status of the Company for the current year.

#### Section VII Appendix

Article 20: Matters not specified in this Articles of Incorporation shall be governed by the Company Act and other Securities related laws..

Article 21: The Article of Incorporation was first established on November 27, 1998

The first amendment was on May 2, 2000.

The second amendment was on August 31, 2001.

The third amendment was on July 29, 2002.

The fourth amendment was on May 3, 2003.

The fifth amendment was on September 25, 2003.

The sixth amendment was on May 18, 2004.

The seventh amendment was on June 24, 2005.

The eighth amendment was on June 29, 2006.

The ninth amendment was on January 19, 2007.

The tenth amendment was on June 29, 2007.

The eleventh amendment was on June 23, 2008.

The twelfth amendment was on June 28, 2010.

The thirteenth amendment was on May 25, 2011.

The fourteenth amendment was on June 7, 2012.

The fifteenth amendment was on June 22, 2015.

The sixteenth amendment was on Dec. 25, 2015.

The seventeenth amendment was on Jun. 24, 2016.

The eighteenth amendment was on June 26, 2017.

The nineteenth amendment was on June 26, 2018.

The twentieth amendment was on June 26, 2019.

The twenty-first amendment was made on Jun. 29, 2020.

**Maxigen Biotech Inc.**

**Rules for Procedures of Shareholders' Meeting (Before amendment)**

Article 1: (Basis for the adoption of the Rules)

To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders' Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."

Article 2: (Scope of the Rules)

Unless otherwise specified by law or Articles of Incorporation, the Company shall proceed its shareholders' meetings according to the terms of this policy.

Article 3: (Convening shareholders' meetings and shareholders' meeting notices)

Unless otherwise specified by law or Articles of Incorporation, shareholders' meetings are convened by the board of directors.

The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed description of various agenda items to be acknowledged or discussed during the meeting, and notes on election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual shareholders' meeting, or 15 days before the extraordinary shareholders' meeting. At least 21 days before an annual shareholders' meeting, or 15 days before the extraordinary shareholders' meeting, an electronic copy of the shareholders' meeting agenda and supplemental meeting materials shall be posted onto MOPS. Physical copies of the shareholders' meeting agenda and supplemental meeting materials shall also be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents must be placed within the Company's premises and at the professional shareholder services agent appointed by the Company, and distributed on-site at the shareholders' meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of Directors, change of Articles of Incorporation, reduction of capital, application of ceasing its status as a public company, waiver of non-compete clauses for directors, capital increase from retained earnings, capital increase from surplus, dissolution, merger and division of the Company, or any listed in Paragraph 1,

Article 185 of the Company Act shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions; the main contents shall be placed on the website designated by the competent securities authority or the Company, and the website address shall be stated in the notice.

Where the causes or subjects for convening a shareholders' meeting had specified a re-election of all directors and their terms of office, after the completion of the election for that meeting, the terms of office for the directors cannot be altered by extempore motions or any other means in the same meeting.

Shareholders who own more than 1% of the Company's current outstanding shares are entitled to propose matters for discussion in annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, where the agenda item proposed by the shareholder is for the public interests or fulfills social responsibilities, the Board of Directors may still include such item in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act are proposed as matters for discussion by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than ten days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the Annual Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4: (Attendance by proxy and authorization)

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given

shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, exception shall be granted if the shareholder issues a declaration to withdraw the previous proxy arrangement.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation by two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: (Principles determining the time and venue of a shareholders' meeting)

The venue for a shareholders' meeting shall be the premise of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6: (Preparation of documents such as the attendance book)

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in cards in lieu of signing in.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

The Company shall deliver the meeting agenda, annual report, attendance card, speaker's slip, voting slips, and other meeting materials to the shareholders attending the shareholders' meeting. If directors are to be elected, ballots shall also be provided.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person has been appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7: (The chair and non-voting participants of a shareholders' meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairman of the board in person and attended by a majority of the directors with at least one independent director, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

For shareholders' meetings convened by any authorized party other than the board of directors, the convener will act as the meeting chair. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.

The Company may appoint its lawyers, certified public accountants, and any relevant personnel to be present at the shareholders' meeting.

Article 8: (Documentation of a shareholders' meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The aforementioned recordings shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 9: (Calculation of representative shareholding and meeting commencement)

Shareholders' presence is determined by the number of shares represented during the meeting. The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the sign-in cards collected, plus the number of shares where voting rights are exercised in writing or through electronic means.

The chair shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting; however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. The chairperson shall dismiss the meeting if shareholders in attendance represent less than one-third of outstanding shares after two postponements.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of current outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of current outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10: (Discussion of agenda items)

The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. The resolutions, including extempore motions and amendment of the original proposals, shall be done through vote. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of

directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

#### Article 11: (Shareholder speech)

Shareholders who wish to speak during the meeting must produce a speaker's slip detailing the topics and the shareholder's account number (or the attendance card serial number). The order of shareholders' comments shall be determined by the chair.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

Each shareholder shall speak no more than twice, for five minutes each, for the same proposal, unless otherwise agreed by the chair. The chair may stop shareholders from speaking if they violate the rules or speak is out of the scope of proposal under discussion. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor. The chair shall stop any violation.

Where a juristic person shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak for each proposal.

After the shareholder has finished speaking, the chair may respond in person or appoint any relevant personnel to do so.

#### Article 12: (Calculation of voting shares)

Votes in a shareholders' meeting are determined by the number of shares represented during the meeting.

Shares that do not carry voting rights are excluded from the calculation of current outstanding shares when voting for the final resolution.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the total voting rights represented in the meeting.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 13: (Voting, ballot monitor and count)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be regarded as having personally attended the meeting. However, the shareholder would be deemed to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoids the submission of extempore motions and amendments to original proposals.

Instructions to exercise written and electronic votes must be delivered to the Company at least two days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into record. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous vote.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise regulated by the Company Act or the Articles of Incorporation, a proposal is passed when supported by shareholders who represent more than half of the total voting rights in the meeting. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there are any amendments or alternative solutions for the same proposal, the chair shall combine these amendments/alternative solutions with the original proposal and decide their priority for voting. If any resolution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the number of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14: (Election)

When there are directors to be elected in the Shareholders' Meeting, it shall be handled in accordance with the relevant election rules set by the Company. The election results shall be declared on the spot, including the list of elected directors and the numbers of elected votes they obtained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

#### Article 15: (Meeting minutes and signature)

Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each shareholder no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

The distribution of the meeting minutes as described in the preceding paragraph may be conducted by a public announcement on the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the statistical tallies of the numbers of votes). Where there is an election of the directors, the number of votes received by each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

**Article 16: (Public disclosure)**

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

**Article 17: (Maintaining order at the meeting place)**

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may instruct marshals or security staff to help maintain order in the meeting. While maintaining order in the meeting, all marshals or security staff must wear arm bands or identification which identify their roles as "Marshal."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

The chair may instruct marshals or security staff to remove shareholders who continue to violate the meeting rules despite being warned by the chair.

**Article 18: (Recess and resumption of a shareholders' meeting)**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the

shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: (Appendix)

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Article 20

These Rules were first established on June 18, 2010.

The first amendment was made on June 18, 2013.

The second amendment was made on June 22, 2015.

The third amendment was made on June 26, 2018.

The fourth amendment was made on June 29, 2020.

**Maxigen Biotech Inc.****Procedures for Election of Directors (Before amendment)**

Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with the Procedure.

Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- I. Basic conditions and value: sex, age and nationality, cultural backgrounds, etc.
- II. Professional knowledge and skills: professional background (e.g. legal, accounting, industry, finance, marketing or technology, etc.), professional skills and experience in the industry.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- I. The ability to make judgments about operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 3: The qualifications for and election of the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and relevant laws and regulations.

Article 4: The establishment of independent directors shall be specified in the Articles of Incorporation and elected from the list of candidates for independent director by the shareholders.

The elections of independent directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to candidate of independent directors and may not arbitrarily add any other request for qualification document. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected.

The election of independent directors and the election of non-independent directors shall be conducted at the same time, with the votes calculated and candidates elected separately.

Article 5: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 6: The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7: The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. Article 8: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring personnel must be a shareholder. The ballot boxes shall be prepared by the board of directors and publicly checked by the monitoring personnel before voting commences.

Article 9: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and ID number. However, when the candidate is a governmental organization or juristic person shareholder, the

name of the governmental organization or juristic person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 10: The ballots are invalid under any of the following circumstances:

- I. The ballot was not prepared by the board of directors.
- II. Any blank ballot.
- III. Any ballot with unrecognizable writing.
- IV. Where any filled in item on the ballot has been altered.
- V. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and ID number do not match.
- VI. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or ID number) and the number of voting rights allotted.
- VII. Two or more candidates on the same one vote.
- VIII. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID number is provided in the ballot to identify such individual.

Article 11: Unless approved by the competent authority, the following relationships may not exist among more than half of the Company's directors:

- I. Spouse.
- II. Relatives within second degree of kinship.

Article 12: Where the elected directors do not meet the conditions of the preceding article, determination of which directors are elected shall be made according to the following provisions:

- I. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

Article 13: The voting rights shall be calculated on site immediately after the end of the poll, the chair shall announce on site the results of the calculation, the list of persons elected as directors and the number of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with

the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 14: These Rules are implemented after the approval of the shareholders' meeting, and the same to the amendments.

These Rules were first established on June 28, 2010.

The first amendment was made on June 18, 2013.

The second amendment was made on June 22, 2015.

The third amendment was made on June 29, 2020.

## **Adoption of Proposals from Shareholders**

Description:

- I. Pursuant to Article 172-1 of the Company Act, "Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words."
- II. Shareholder proposals must be submitted within the period from April 26, 2021 to May 6, 2021. As required by law, the Company has published the information regarding shareholder proposals on the MOPS website.
- III. The Company has not received any shareholder proposals.

## Share Ownership of Directors

I. The statutory ratio and number of shares of the Company's current Directors are as follows:

The number of common shares issued by the Company: 69,465,000 shares.

The statutory minimum number of shares that Directors as a whole should hold: 5,557,200 shares (10% \* 80%)

1. Upon the date for suspension of share transfer for this Shareholders' Meeting (May 2, 2021), the shareholding of all Directors.

2. Shares held as below table:

Title	Name	Number of Shares Held (Share)	Percentage (%)
Chairman	Representative, Global Investment Holdings Co., Ltd.	Li-Teh Hsu	3,070,061 4.42%
		Shui-Chiuan Dai	
Director	Representative of China Investment and Development Co., LTD.	Hsiu-Yuan Lee	1,191,939 1.72%
		Song-Ching Chen	
Director	Li-Yen Chang	505,094	0.73%
Independent Director	Shi-Hsiung Deng	0	0.00%
Independent Director	Si-Tang Deng	0	0.00%
Independent Director	Chao-Lung Chen	0	0.00%
Number of Shares Held by All Directors		4,767,094	6.87%