



Stock Code: 1783

和康生物科技股份有限公司
MAXIGEN BIOTECH INC.

2021 Annual Report

Annual Report Inquiry website: <http://mops.twse.com.tw>

Website: <http://www.mbi.com.tw>

Printed on May 20, 2022

1. Company spokesperson and acting spokesperson:

Spokesperson:

Name: Cian-Tian Huang

Title: Special Assistant to the Chairman

Tel: (03)328-7222

Email: scchen@mbi.com.tw

Acting spokesperson:

Name: Po-Hung Lai

Title: Deputy General Manager

Tel: (03)328-7222

Email: phlai@mbi.com.tw

2. Address and telephone number of headquarters and factory:

Headquarters:

Address: No. 88, Keji 1st Rd, Guishan District Taoyuan City

Tel: (03)328-7222

3. Stock Transfer Agency

Name: Yuanta Securities Co., Ltd. Stock Agency Department

Address: No. 210, Section 3, Chengde Rd, Datong District, Taipei City

Tel: (02) 2586-5859

Website: [Http://www.yuanta.com.tw](http://www.yuanta.com.tw)

4. Name, address, website and telephone number of the accountant and firm that issued the most recent annual financial report

Name of accountant: Ming-Chuan Hsu and Ping-Chun Chih

Name of firm: PwC Taiwan

Address: No. 333, Section 1, Keelung Rd, Xinyi District, Taipei City

Tel: (02)2729-6666

Website: <http://www.pwc.tw>

5. Name of the exchange where the overseas marketable securities are listed and how to check the information of the overseas marketable securities: None

6. Company website: <http://www.mbi.com.tw>

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I. Letter to shareholders

Dear Shareholders,

The core technology of Maxigen Biotech Inc. is collagen, transparent acid (also known as hyaluronic uric acid), two types of biopolymer materials for use in biopharmology and medical care products. After years of hard work, the Biomedical Division of the company has successfully developed 21 high-level implantable medical materials for use in orthopedic, dental, ophthalmology, dermatology, and dermatology. And the U.S., Singapore, Singapore, and the U.S. 56 product licenses in Indonesia, Malaysia and the PRC. The goal of MBI in 2022 is to work toward “joining & delighting human life"! In 2022, MBI will carry out the operation policy of “making good products, bring the customer to the world, and bring the world to the customer," and develop automated facilities and improve employee benefits to recruit elite talents.

MBI will actively expand its business units starting in the second half of 2021. Actively expand the business units and will establish three main business teams with about 30~40 people, namely, the Taiwan direct sales team, the China business team, and the foreign business team, to actively open up the worldwide market. The Taiwan region will continue to work with existing distributors to further develop the Taiwan market by organizing seminars, attending medical conferences, and attacking major medical centers, regional hospitals and district hospitals. The China business team has been recruited with extensive experience in the China medical device market. In the first half of 2022, the Company will mainly focus on the basic work, such as medical insurance coding, hospital relationship establishment, product education and training, establishing the qualification of Shanghai company to sell Class III medical devices, maintaining good interaction with tertiary hospitals, and controlling the price of Sunshine’s network on our own, etc. The Company expects to see more significant growth from the second half of 2022 to 2023 and 2024. The foreign business team will focus on the development of global customers in Europe, America, Southeast Asia, Africa, etc. For existing customers, the Company also actively assist customers in obtaining certifications from other regions to help them globalize. The Company is now targeting the Top 200 companies in each medical device industry as our business target.

For R&D, TCI Group will combine its 12 laboratories and related R&D resources to launch its own brand of health food in Q1~Q2. The first wave will be an intra-joint injection with TCI 633 probiotic that secretes hyaluronic acid, and a skin filler with Maxi Collagen, the third generation collagen drink that will be the key product of TCI in 2021. There are 14 large-scale projects for new medical materials in 2022, and it is expected that five new medical materials will be delivered for certification and large-scale clinical trials in 2022~2023. For the existing main products will also actively layout in Europe CE, America, Asia, Africa and other places certification, and the establishment of 30 countries certification path analysis, shorten the preparation time for certification.

After joining the TCI Group in July 2021, MBI will restructure its skincare products business in order to focus on resources. The Tainan skincare products factory will be transformed into the PetFoodfactory and the skincare products OEM orders will be transferred to the S11 Eco Facial Mask factory of TCI. In addition to medical materials and care products, the Company will also diversify into Maxi Collagen, Maxi HA and our own brand health food.

The Company will uphold the health needs of human beings and create disease solutions with hyaluronic acid and collagen to join & delight human lives.

2021 Financial Performance

1. Operational Results:

Unit: NT\$ thousand

Maxigen Biotech Inc.				
Consolidated Income Statement				
Item	2021	2020	Difference	%
Net Revenue	511,976	457,691	54,285	12%
Operating Costs	250,949	243,171	7,778	3%
Gross Profit	261,027	214,520	46,507	22%
Operating Expenses	171,080	153,415	17,665	12%
Income from Operations	89,947	61,105	28,842	47%
Other Operating Income and Expenses	7,519	15,631	-8,112	-52%
Pre-tax Income	97,466	76,736	20,730	27%
Income Tax Expense	9,799	13,425	-3,626	-27%
Net Income	87,667	63,311	24,356	38%

2. Analysis of Financial Performance

- (1) The Company's net operating revenue for 2021 was NT\$511,976,000, an increase of NT\$54,285,000, or 12%, from NT\$457,691,000 in 2020. The Biomedical Products Division's revenue increased by NT\$101,324,000, or 32.3%, to NT\$414,874,000 compared to NT\$313,550,000 in 2020, mainly due to the benefit of orders for joint injections and collagen. In addition, the revenue of the Skincare Products Division was \$97,102,000, a decrease of \$47,039,000 or 32.6% from \$144,141,000 in 2020, mainly due to the decrease in demand from OEM customers as a result of the pandemic.
- (2) In 2021, operating expenses amounted to \$171,080,000 and the expense ratio remained at 33%, mainly due to research and development expenses for the development of advanced composite bone materials containing bone growth-promoting substances.
- (3) Gross profit for 2021 was \$261,027,000, an increase of \$46,507,000 or 22% over 2020 \$214,520,000. Net income after tax was \$87,667,000, up 38.5% from 2020.

Chairman:

Manager:

Accounting Manager:

II. Company Profile

1. Date of Incorporation

December 3, 1998

2. Brief history of the Company

Year	Milestone
1998	Maxigen Biotech Inc. was established
1999	Stationed in biomaterial research center at National Yang-Ming University Completed development of surgical hemostatic dressing process
2000	Completed prototype development of injectable collagen
2001	Stationed in tissue engineering research center at Taipei Medical University Completed orthopedic filler manufacturing process and product prototype development Collagen tissue engineering application technology passes Ministry of Economic Affairs Industry Specialized Examination Collagen biomedical material products receive national biotechnology medical quality award
2002	Awarded A grade by the Ministry of Economic Affairs, Ministry of Industry and Science Research and Development Management System Set up GMP factory and R&D lab in Taipei Launched BIOFLASH own brand product series
2003	Taipei biomedical facility receives ISO 9001/13485 quality system certification Expansion of Tainan skincare product factory completed
2004	Collaborate with U.S. medical material distributors on production and marketing strategies Hyaluronic acid products received GMP approval and registration Biomedical product Foramic Bone Substitute Granules passed the inspection and registration license of the Ministry of Health Collaborations between our own branded care products and well-known domestic manufacturers
2005	The biomedical product ViscAid Cohesive Ophthalmic Viscoelastic passed the inspection and registration permit of the Ministry of Health Biomedical product Formagraft Collagen Bone Graft Matrix passed the US FDA 510(k) marketing approval
2006	Biomedical product ArtiAid Intra-articular Injection passed the inspection and registration permit of Ministry of Health Own brand skincare product, Dr.Neo, is launched
2007	NuVasive Inc., a NASDAQ-listed company, invests in cash Formagraft, a biomedical product, received the SME Innovation Research award from the Ministry of Economic Affairs and the Executive Yuan/Times Foundation's 1st Taiwan Biomedical Industry Selection Competition Selection Award

Year	Milestone
	Tainan skincare products factory passed ISO9001:2000 certification
2008	Injectable bone filling material application technology development project passes ministry of economic affairs industry development industry technology program review
2009	Biomedical product Formagraft Collagen Bone Graft Matrix received marketing approval from the Ministry of Health and Welfare
	Biomedical product ArtiAid Joint Injection received the EU CE marketing approval
	Biomedical product Foramic Bone Substitute Granules received the EU CE marketing approval
	Biomedical product ViscAid Cohesive Ophthalmic Viscoelastic received the EU (CE) marketing approval
	Taipei biomedical factory passes U.S. FDA audit with no defects recorded
	Winner of the Executive Yuan/Times Foundation's Taiwan Biomedical Industry Selection Competition
	Tainan skincare product factory passed Taiwan Cosmetic GMP and ISO9001:2008 certification
2010	Completed NT\$180 million cash capital increase
	Obtained mineralized collagen patent and technology
	Qualified as a biotech new drug company under the Act for the Development of Biotech and Pharmaceutical Industry, Ministry of Economic Affairs
	SurgiAid Collagen Wound Dressing received marketing approval from the Ministry of Health and Welfare
2011	Public offering of shares
	Stock exchange
	SurgiAid Collagen Wound Dressing received the US 510(k) clearance from FDA
	Biomedical product FormaAid Guided Tissue Regeneratin Membrane received marketing approval from the Taiwan Ministry of Health and Welfare
	Biomedical product GingivAid Collagen Dental Graft received marketing approval from the Taiwan Ministry of Health and Welfare
	Biomedical product ArtiAid Plus Intra-articular Injection received the EU CE sales license
	Absorbable calcium phosphate ceramics and new calcium phosphate bone cement product application technology development plan passed the Ministry of Economic Affairs Industrial Technology Development Program review aesthetic medicine private brand Neo Renée system passed 29 items of import license to China
	BioFlash, a medical beauty brand, opens a counter in Taipei 101 Financial Building
2012	Signed Chondroplug process validation and contract manufacturing agreement with NASDAQ-listed Exactech, Inc.
	Development of new composite biomedical ceramics in collaboration with the School of Dentistry, National Taiwan University
	Participate in the TAITRA's Brand Mentoring Program
	27 skincare products obtained the MIT Smile Logo

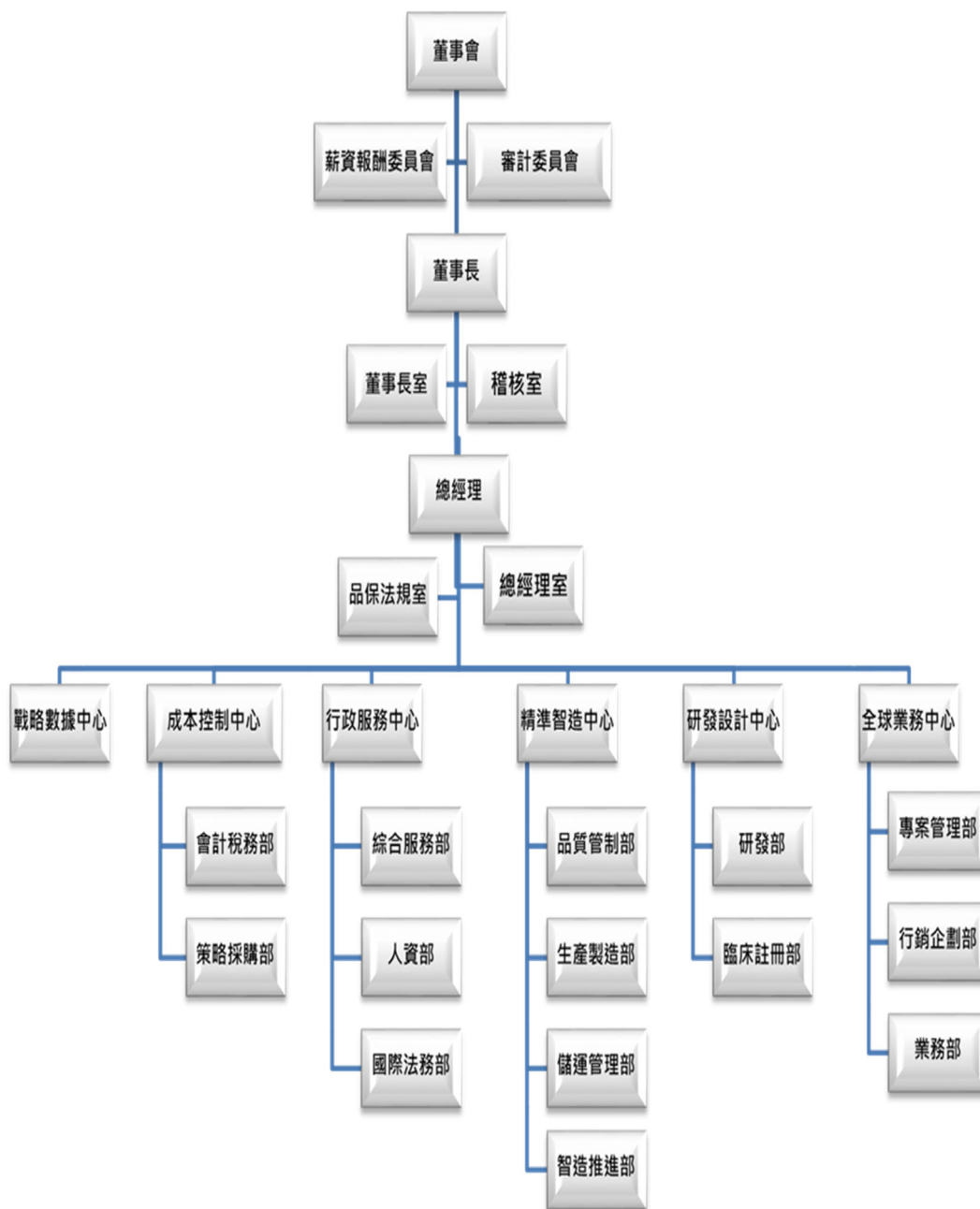
Year	Milestone
2013	<p>Tainan skincare products factory passed ISO 22716:2007 certification</p> <p>Sales of medical beauty's own branded care products launches in channels</p> <p>Completed NT\$225 million cash capital increase</p> <p>Obtained the opinion letter from the Industrial Development Bureau</p> <p>MaxiBone Calcium Phosphate Ceramic receives marketing approval from Taiwan Ministry of Health and Welfare</p> <p>Dermal filler received marketing license from Taiwan Ministry of Health and Welfare</p> <p>Biomedical orthopaedic product Foramic Bone Substitute Granules and dermatological product HealiAid Collagen Wound Dressing received Singapore HSA marketing approval</p> <p>Biomedical's Taoyuan Hua Ya Technology Industrial Park breaks ground on new factory</p> <p>Biomedical product GingivAid collagen orthopedic fillings receives Singapore HSA marketing approval</p> <p>FormaAid collagen membrane and GingivAid Collagen Dental Fraft receives Singapore HSA marketing approval</p> <p>Bone filler received a marketing approval 11 from the Taiwan Food and Drug Administration (TFDA). Pre-listing capital increase of NT\$77,900,000 and paid-in capital of NT\$700,840,000 after the capital increase 12.102.12.20 listed on the main board</p>
2014	<p>PreviscAid Ophthalmic Viscoelastic received marketing license from Taiwan Department of Health (DOH)</p> <p>Formaderm Young Dermal Filler Injection received marketing license from China CFDA</p> <p>ArtiAid Plus Intra-articular Injection receives Singapore HSA marketing license</p> <p>ViscAid Cohesive Ophthalmic Viscoelastic receives Singapore HSA marketing license</p>
2015	<p>Private placement of 7,910,000 convertible preferred shares at NT\$27.1225 per share for a total of NT\$214,538,975</p> <p>Biomedical factory passed the second on-site inspection by the U.S. FDA</p>
2016	<p>Formaderm Dermal Filler Injection obtained China CFDA marketing license</p> <p>HealiAid Collagen Wound Dressing, obtained China CFDA marketing license</p> <p>Foramic® Bone Substitute Granules, obtained China CFDA marketing license</p> <p>ArtiBest Intra-articular Injection, obtained Taiwan TFDA marketing license</p> <p>Hua Ya's new factory passed Taiwan GMP, ISO13485 and Korea GMP site inspection</p>
2017	<p>ViscAid Cohesive Ophthalmic Viscoelastic obtained Indonesia MOH marketing license</p> <p>ArtiAid Intra-articular Injection obtained Indonesia MOH marketing license</p> <p>ArtiAid Plus Intra-articular Injection obtained Indonesia MOH marketing license</p> <p>GingivAid Collagen Dental Graft obtained Indonesia MOH marketing license</p> <p>Attrax Scaffold, developed in collaboration with NuVasive, receives U.S. marketing approval (K172497)</p>
2018	<p>ArtiAid Intra-articular Injection, obtained MDA marketing license in Malaysia</p>

Year	Milestone
	ViscAid Cohesive Ophthalmic Viscoelastic, obtained MDA marketing license in Malaysia
	Foramic Bone Substitute Granules obtained MDA marketing license in Malaysia
	Formaderm Charming Dermal Filler Injection obtained Taiwan TFDA marketing license
	Formaderm Dermal Filler Injection (with lidocaine) obtained Taiwan TFDA marketing license
	Formaderm Young Dermal Filler Injection (with lidocaine) obtained Taiwan TFDA marketing license
	Three-dose intra-articular injection product obtained Russian RZN marketing license
	Five dose intra-articular injectable product obtained Russian RZN marketing license
	Biomedical factory passed US FDA on-site inspection
	The “Development Project of Advanced Implantable Composite Medical Materials with Osteogenic Substances” was approved by the Ministry of Economic Affairs under the A+ Enterprise Innovation and R&D Cultivation Program (Foresight Technology R&D Program) with a grant of NT\$43.2 million.
2019	ArtiAid Plus Intra-articular Injection obtains EU CE marketing license
	BioGend Therapeutics Co., Ltd. commissioned the manufacture of products “Resorbable Calcium Salt Bone Hole Filling Device” and “Disposable Autologous Cartilage Repair System” which passed Taiwan GMP inspection
	Tainan factory for skincare products passed Sedex social responsibility audit
2020	ArtiAid Plus Intra-articular Injection obtained Malaysia marketing approval
2021	ArtiAid Intra-articular Injection obtains Ukraine marketing approval
	ArtiAid Plus Intra-articular Injection obtains Ukraine marketing approval
	FormaAid Guided Tissue Regeneration Membrane obtains Malaysia marketing approval
	BestAid Collagen Bone Graft obtains Malaysia marketing approval
	Attrax Scaffold obtains Taiwan marketing approval
	FormaAid Guided Tissue Regeneration Membrane obtains Vietnam import approval
	HealiAid Collagen Wound Dressing obtains Vietnam import approval

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Responsibilities of each department

Department	Responsibilities
General Manager's Office	<ol style="list-style-type: none"> 1. Formulate the company's business strategy, set operational goals, and monitor and evaluate the implementation and performance of the operational goals. 2. Manage the implementation of functional responsibilities, overall strategic goals and policies of all departments, and to supervise and coordinate the implementation and achievement of each unit. 3. Operating data analysis, review and improvement proposals
Internal Audit Unit	<ol style="list-style-type: none"> 1. Audit and evaluate the correctness, reliability and availability of internal control systems and operating records. 2. Perform internal audits, internal audit plans and provide timely recommendations for improvement to improve organizational effectiveness and reduce company risk.
Quality Assurance Legal Unit	<ol style="list-style-type: none"> 1. Responsible for quality system maintenance management. 2. Coordinate company quality auditing activities. 3. Achieve the annual target set by the company according to the quality policy and target. 4. Promote quality management philosophy and manage the company's process change operations. 5. Assist the Quality Management Representative in coordinating and supervising related departments to drive continuous improvement of the quality management system. 6. Quality system maintenance and regulatory affairs.
Strategic Intelligence Center	<ol style="list-style-type: none"> 1. Information system, computer network system planning and implementation. 2. Database management, network system security management and maintenance, disaster recovery, and recovery programs. 3. Computerized process design and implementation of program evaluation planning.
Cost Management Center	<ol style="list-style-type: none"> 1. Accounting system establishment and cost control, property inventory, accounting accounts and tax processing. 2. Financial planning, investment/financing management, capital and budget management and control. 3. Procurement of raw materials to ensure the quality, delivery and price competition of the purchased items. 4. The supplier's quality management and technical process capability are evaluated and selected.
Administrative Service Center	<ol style="list-style-type: none"> 1. Establish human resources development and management system and promote corporate culture. 2. Manage and plan training and development. 3. Allocates appropriate human resources and organizational planning in line with the company's growth strategy. 4. Procurement and administration of services, raw materials and capital expenditure.
Global Business Center	<ol style="list-style-type: none"> 1. Market Research, marketing, planning, and sales management. 2. Market expansion. 3. Reseller management. 4. Customer service and management. 5. Establishing marketing networks 6. Handling of customer complaints.
Precise iManufacturing (PiM)	<ol style="list-style-type: none"> 1. Process Management and Manufacturing. 2. Plan production capacity. 3. Improving production technology. 4. System maintenance management of factory related operations, environment and equipment
Research & Design Center	<ol style="list-style-type: none"> 1. Design and development of new products. 2. Technical information provision and sharing. 3. Core technology establishment and progress control. 4. Project management.

2. Information of Directors, the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices

(1) Information Regarding Board Members and Supervisors

A. Information Regarding Board Members

May 20, 2022

Title	Nationality or Place of registration	Name	Gender	Age	Elect (in) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions Other Companies	Other Heads, Directors, or Supervisors as Spouse or Kin within the Second Degree			If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures to be taken shall be stated.
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	TCI Co., Ltd.	Legal Prson		2021.7.12	3 years	2021.7.12	17,579,881	25.30	17,579,881	22.83	--	--	--	--	Not applicable	Not applicable	--	--	--	--
	R.O.C.	Yung-Hsiang Lin	Male	41-45	2021.7.12	3 years	2021.7.12	0	0	210,000	0.27	--	--	--	--	Bachelor Degree in Botany, National Chung Hsing University Former Deputy General Manager, TCI Co., Ltd. Former Manager, Biomedical Department, TCI Co., Ltd. Former Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc.	Chairman, TCI Co., Ltd. General Manager, TCI Co., Ltd.	--	--	--	--
Director	R.O.C.	China Investment and Development Co., Ltd.	Legal Prson		2021.7.12	3 years	2021.7.12	1,191,939	1.71	1,191,939	1.71	--	--	--	--	Not applicable	Not applicable	--	--	--	--
	R.O.C.	Tsiu-Yuan Li	Female	51-55	2020.07.12	3 years	2015.06.22	--	--	--	--	--	--	--	--	Master's degree in Economics, San Jose State University, USA Senior Deputy General Manager, China Investment and Development Co., Ltd. Associate, Everfame Consultants Ltd. Project Manager, China Investment and Development Co., Ltd. Securities Analyst, International Department, CITIC Securities Project Manager, Institute of Electronics, Industrial Technology Research Institute	General Manager, China Investment & Development	--	--	--	--
Director	R.O.C.	TCI Co., Ltd.	Legal Prson		2021.7.12	3 years	2021.7.12	17,579,881	25.30	17,579,881	22.83	--	--	--	--	Not applicable	Not applicable	--	--	--	--
	R.O.C.	Chen-Chen Fu	Female	46-50	110.7.12	3 years	2021.7.12	--	--	--	--	--	--	--	--	Bachelor of Finance and Taxation, Feng Chia University Accounting Manager, TCI Co., Ltd.	General Manager, TCI Gene Inc. Supervisor, TCI Firstek Corp. Supervisor, Quantum Biology Inc. Supervisor, SMY INTERNET OF PACKAGE CO., LTD.	--	--	--	--
Director	R.O.C.	TCI Co., Ltd.	Legal Prson		2021.7.12	3 years	2021.7.12	17,579,881	25.30	17,579,881	22.83	--	--	--	--	Not applicable	Not applicable	--	--	--	--
	R.O.C.	Ching-Ting Chen	Female	36-40	2021.11.3	3 years	2021.11.3	--	--	--	--	--	--	--	--	Master of Chemistry, National Taiwan University Bachelor of Chemistry, National Tsing Hua University Manager, TCI Co., Ltd.	General Manager, Maxigen Biotech Inc. Member of Risk Management Committee, Maxigen Biotech Inc.	--	--	--	--

Title	Nationality or Place of registration	Name	Gender Age	Elect (in) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions Other Companies	Other Heads, Directors, or Supervisors as Spouse or Kin within the Second Degree			If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures to be taken shall be stated.
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Sung-Yuan Liao	Male 71-75	2021.7.12	3 years	2021.7.12	--	--	--	--	--	--	--	Ph.D., National Chung Hsing University Associate Professor, Department of Life Sciences, National Chung Hsing University	Member of Audit Committee, Maxigen Biotech Inc. Member of Remuneration Committee, Maxigen Biotech Inc. Member of Nomination Committee, Maxigen Biotech Inc. Member of Risk Management Committee, Maxigen Biotech Inc. Independent Director, TCI Co., Ltd.	--	--	--	--	
Independent Director	R.O.C.	Chung-Ming Tseng	Male 51-55	2021.7.12	3 years	2021.7.12	--	--	--	--	--	--	--	Master's degree in Industrial Engineering, National Chiao Tung University Bachelor of Science, Department of Industrial Engineering Management, National Chiao Tung University Chairman, GAME SPARCS Ltd. Director, Fullerton Technology Co., Ltd. Director of Telecommunications, ISAOLUTION INC.	Member of Audit Committee, Maxigen Biotech Inc. Member of Remuneration Committee, Maxigen Biotech Inc. Member of Nomination Committee, Maxigen Biotech Inc. Member of Risk Management Committee, Maxigen Biotech Inc. Founder and Chief Executive Officer, Best Moment Inc.	--	--	--	--	
Independent Director	R.O.C.	Shih-Ming Li	Male 66-70	2021.7.12	3 years	2021.7.12	--	--	--	--	--	--	--	Reproductive Endocrinology and infertility Researcher, University of California, USA Physician at Liming Obstetrics and Gynecology Clinic Director of Obstetrics and Gynecology Department, Air Force General Hospital Head of Reproductive Medicine Center, Air Force General Hospital	Member of Audit Committee, Maxigen Biotech Inc. Member of Remuneration Committee, Maxigen Biotech Inc. Member of Nomination Committee, Maxigen Biotech Inc. Member of Risk Management Committee, Maxigen Biotech Inc. Independent Director, TCI Co., Ltd. Vice President, Chung Shan Hospital Head of Reproductive Center, Chung Shan Hospital Attending Physician, Department of Obstetrics and Gynecology, Chung Shan Hospital	--	--	--	--	

Major shareholders of corporate shareholders

April 22, 2022

Name of Corporate Shareholder	Major Shareholders
TCI Co., Ltd.	Yang Guang Investment Co., Ltd. (3.83%) DyDo Group Holdings, Inc. (8.15%)

Major shareholders who are legal entities

April 22, 2022

Legal entity name	Major shareholders of legal entities
Yang Guang Investment Co., Ltd.	Wu-Nan Yang (50%) and Shu-Chun Kuan (25%)
DyDO Group Holdings, Inc.	High-wood Corporation(15.54%), Santomi Co., Ltd. (12.65%)

B. Director Information

a. Qualifications and Independence Criteria of Directors:

Term Name	Professional qualifications <u>and</u> experience (Note 1)	Independence Criteria (note 2)	Number of Public Companies in which he or she also serves as an independent director
Yung-Hsiang Lin	<p>Biotechnology and Organizational Leadership Business-related industry experience Not been a person of any conditions defined in Article 30 of the Company Act An Instructor or Higher Position in a Department of Commerce, Law Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University With 5 years of experience: Chariman and General Manager, TCI Co., Ltd.</p>	Not applicable	0
Tsiu-Yuan Li	<p>Financial Accounting and Organizational Leadership Financial-related industry experience Not been a person of any conditions defined in Article 30 of the Company Act Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business With 5 years of experience: General Manager, China Investment and Development Co., Ltd. Associate, Everfame Consultants Ltd. Securities Analyst, International Department, CITIC Securities Project Manager, Institute of Electronics, Institute Electronic Institute Program Manager</p>	Not applicable	0
Chen-Chen Fu	<p>Financial accounting and organizational management Financial accounting-related industry experience Not been a person of any conditions defined in Article 30 of the Company Act Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business With 5 years of experience: General Manager, TCI Gene Inc. Cost Management Center Manager, TCI Co., Ltd.</p>	Not applicable	0
Ching-Ting Chen	<p>R&D technology and organizational management R&D related industry experience Not been a person of any conditions defined in Article 30 of the Company Act Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business With 5 years of experience: General Manager, Maxigen Biotech Inc. Manager, TCI Co., Ltd.</p>	Not applicable	0

Sung-Yuan Liao	<p>Life Sciences and Organizational Management</p> <p>Teaching-related industry experience</p> <p>Not been a person of any conditions defined in Article 30 of the Company Act (Convener of the Audit Committee, Convener of the Nomination Committee, Member of the Remuneration Committee, Member of the Risk Management Committee of the Company)</p> <p>Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business</p> <p>With 5 years of experience: Associate Professor, Department of Life Sciences, National Chung Hsing University Lecturer, Department of life Sciences, National Chung-Hsing University Assistant Professor, Department of life Sciences, National Chung-Hsing University</p>	<p>Independence compliance</p> <p>1. No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates.</p> <p>2.The number and proportion of the company’s shares not held by the person, spouse, or second-degree relatives (or in the name of others)</p> <p>3.No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years</p>	1
Chung-Ming Tseng	<p>Engineering Technology and Organizational leadership</p> <p>Business-related industry experience</p> <p>Not been a person of any conditions defined in Article 30 of the Company Act (Convener, Nomination Committee, Member of the Audit Committee, Member of the Risk Management Committee)</p> <p>Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business</p> <p>With 5 years of experience: Founder and Chief Executive Officer, Best Moment Inc. Chairman, GAME SPARCS Ltd. Director, Fullerton Technology Co., Ltd.</p>	<p>Independence compliance</p> <p>1.No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates.</p> <p>2.The number and proportion of the company’s shares not held by the person, spouse, or second-degree relatives (or in the name of others)</p> <p>3. Not serving as a director of a company with which the Company has a specific relationship</p> <p>4.No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years</p>	0
Shih-Ming Li	<p>Medical and Organizational leadership</p> <p>Medical-related industry experience</p> <p>Not been a person of any conditions defined in Article 30 of the Company Act</p> <p>Public and private colleges and universities with relevant departments of business, legal, finance, accounting or corporate business</p> <p>With 5 years of experience: Vice President, Chung Shan Hospital Head of Reproductive Center, Chung Shan Hospital Attending Physician, Department of Obstetrics and Gynecology, Chung Shan Hospital</p> <p>Head of Reproductive Medicine Center, Air Force General Hospital</p> <p>Director of Obstetrics and Gynecology Department, Air Force General Hospital Physician at Liming Obstetrics and Gynecology Clinic</p>	<p>Independence compliance</p> <p>1. No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates.</p> <p>2.The number and proportion of the company’s shares not held by the person, spouse, or second-degree relatives (or in the name of others)</p> <p>3.No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years</p>	1

4.2. Board Diversity and Independence:

(I) Board Diversity:

The Company took the initiative to invite a third-party professional and independent organization, the Chinese Institute of Corporate Governance, to conduct a performance evaluation of the Board of Directors (the evaluation period was from December 01, 2020 to November 30, 2021), which was completed on January 18, 2022. The Board of Directors' performance evaluation report, which was issued through an independent and objective review, summarizes the following. Among the 7 directors of the Company, 3 are women, which is more than 1/3 of the total number of seats on the Board of Directors, and the Board of Directors has gender diversity. The Board of Directors and the management team have a clear strategy and consensus on the Company's future medium- and long-term growth position and goals, and are seeking suitable successors in accordance with these goals. In addition, the board members are evenly distributed in terms of age, with a 50/50 split between directors with many years of experience and those with new ideas and younger.

(II) Independence of the Board:

Specify the number and proportion of independent directors, and state that the board of directors is independent, and state whether there are no cases of "3" and "4" under Article 26-3 of the Securities and Exchange Act, including the spouse and second-degree kin relationships between directors, supervisors, or directors and supervisors.

(2) Information of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices (shares held unknown)

May 1, 2022

Title	Nationality	Name	Gender	Elect (in) Date:	Shares held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions at Other Companies	Other Managers as Spouse or Kin within the Second Degree			Note: If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures to be taken shall be stated.
					Number of shares	Shareholding ratio	Number of shares	Shares held %	Number of shares	Shares held %			Title	Name	Relationship	
General Manager	R.O.C.	Ching-Ting Chen	Female	110.09.13	0	0	0	0	0	0	National Tsing Hua University Institute of Chemistry General Manager of Maxigen Biotech Inc. and Director of Research and Development of TCI Co., Ltd.					
Deputy General Manager	R.O.C.	Po-Hung Lai	Male	106.06.01	74,457	0.11	0	0	0	0	Ph.D., Institute of Chemical Engineering, National Tsing Hua University, Associate Director of Maxigen Biotech Inc., Manager, Maxigen Biotech Inc., Researcher of Drug Delivery, Institute of Biomedicine, Institute of Industrial Technology	—	—	—	—	
Associate	R.O.C.	Wen-Yu Li	Male	108.04.01	65,728	0.10	0	0	0	0	Ph.D., Institute of Chemical Engineering, National Tsing Hua University, Director of Maxigen Biotech Inc., Sales, Maxigen Biotech Inc., Director, Maxigen Biotech Inc., Senior Researcher, Maxigen Biotech Inc., Senior Researcher of Maxigen Biotech Inc., Tsinghua University Postdoctoral research in the Department of Chemical Engineering	—	—	—	—	

A. Remuneration paid to Directors, overseers, general manager and deputy general manager in the latest year

B. Remuneration Paid to Directors, Supervisors, in 2021

3. Remuneration Paid to Directors (including independent directors) in 2021 (aggregated with scale disclosure method)

Unit: NT\$ Thousand, %

Title	Name	Director's Remuneration								Total Remuneration (A+B+C+D) and their proportion to net income after tax (Note 10)		Related Remuneration received by part-time employees						Total Remuneration (A+B+C+D+F+G) and their proportion to net income after tax (Note 10)		Receive remuneration from a foreign invested business or parent company (note 11)		
		Remuneration (A) Note 2		Retirement pension (B)		Directors' remuneration (C) (Note 3)		Business execution costs (D) (note 4)				Salaries, bonuses and special expenses, etc. (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (note 6)						
		Maxigen Biotech Inc.	All companies included in the financial statements (note 7)	Maxigen Biotech Inc.	All companies included in the financial statements (note 7)	Maxigen Biotech Inc.	All companies included in the financial report (note 7)	Maxigen Biotech Inc.	All companies included in the financial report (note 7)	Maxigen Biotech Inc.	All companies included in the financial report	Maxigen Biotech Inc.	All companies included in the financial report (note 7)	Maxigen Biotech Inc.	All companies included in the financial statements (note 7)	Cash	Stock	Cash	Stock		Maxigen Biotech Inc.	All companies included in the financial report
Director	Global Investment Holdings Representative: Li-De Hsu	1,277	1,277	-	-	2,334	2,334	245	245	4.40	4.40	1,137	1,137	110	110	532	-	532	-	6.43	6.43	-
	Global Investment Holdings Representative: Shui-Chuan Tai																					
	Global Investment Holdings Represented by: Tsang-Pang Chang																					
	China Investment & Development Representative: Sung-Chin Cheng																					
	China Investment & Development Representative: Tsiu-Yuan Li																					
	TCI Co., Ltd. Representative: Yung-Hsiang Lin																					
	TCI Co., Ltd. Representative: Ching-Ting Chen																					
	TCI Co., Ltd. Representative: Cheng-Chia Huang																					
TCI Co., Ltd.																						

	Representative: Chen-Chen Fu																					
Independent Director	Si-Tang Tung	908	908	-	-	1,866	1,866	555	555	3.80	3.80	-	-	-	-	-	-	-	3.80	3.80	-	
	Li-Yan Chang																					
	Shi-Hsiung Tung																					
	Shao-Long Chen																					
	Sung-Yuan Liao																					
	Shih-Ming Li																					
Chung-Ming Tseng																						
1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc. 2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered in the most recent year (such as acting as consultants to non-employees of the parent company/financial reporting company/reinvestment business, etc.):																						

Brackets for Compensation Paid

Brackets for Compensation Paid to Directors	Name			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From Maxigen Biotech Inc. (Note 8)	All companies in the financial statements (note 9) H.	From Maxigen Biotech Inc. (Note 8)	All companies included in the financial statements (Note 9) I.
Less than NT\$ 1,000,000	Li-Yan Chang, Tsiu-Yuan Li, Tsang-Pang Chang, Sung-Chin Chen, Shui-Chuan Tai, Shi-Hsiung Tung	Li-Yan Chang, Tsiu-Yuan Li, Tsang-Pang Chang, Sung-Chin Chen, Shui-Chuan Tai, Shi-Hsiung Tung	Li-Yan Chang, Tsiu-Yuan Li, Tsang-Pang Chang, Shui-Chuan Tai, Shi-Hsiung Tung, Si-Tang Tung	Li-Yan Chang, Tsiu-Yuan Li, Tsang-Pang Chang, Shui-Chuan Tai, Shi-Hsiung Tung, Si-Tang Tung, Shao-Long Chen, Chen-Chen Fu, Cheng-Chia Huang, Seng-Yuan Liao, Shih-Ming Li, Chung-Ming Tseng
NT\$ 1,000,000 (including) ~ NT\$ 2,000,000 (excluding)	Li-De Hsu	Li-De Hsu	Xu Lide, Yung-Hsiang Lin, Ching-Ting Chen	Xu Lide, Yung-Hsiang Lin, Ching-Ting Chen
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)			Sung-Chin Chen	Sung-Chin Chen
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)				
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)				
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)				
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)				
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)				
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)				
NT\$ 100,000,000 and above				
Total				

Note 1: The names of Directors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately), and the amounts paid to each director should be listed separately for general directors and independent directors, and the amounts paid to each director should be disclosed in aggregate. If a Director is also a general manager or deputy general manager, this table and the following table (3-1), or the following tables (3-2-1) and (3-2-2) should be filled in.

Note 2: Refers to the remuneration of directors for the most recent year (including directors' salaries, job addition, severance pay, various bonuses, awards, etc.).

Note 3: The amount of directors' remuneration approved by the Board for the most recent year is included.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. In addition,

if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration.

Note 5: Refers to the salary, position bonus, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories received by the directors and employees (including concurrently general managers, deputy general managers, other managers and employees), distribution of vehicles and other physical supplies, etc. in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: Refers to the directors and employees (including concurrently serving as general manager, deputy general manager, other managers and employees) who received employee remuneration (including stock and cash) in the most recent year. The amount of employee remuneration approved by the Board of Directors in the most recent year should be disclosed. If it is impossible to estimate. For those who do not, the proposed distribution amount this year shall be calculated according to the proportion of the actual distribution amount of the previous year, and the Schedule 1-3 shall also be filled out.

Note 7: The aggregate amount of remuneration paid to the directors of the Company by all companies (including the Company) included in the combined report should be disclosed.

Note 8: The aggregate amount of remuneration paid by the Company to each Director is disclosed in the ranking to which he belongs.

Note 9: The aggregate amount of remuneration paid to each director of the Company by all companies (including the Company) in the combined report should be disclosed and the names of the directors should be disclosed in the ranking to which they belong.

Note 10: Net profit after tax represents net profit after tax as reported by individual or individual financial statements for the latest year.

Note 11: A. this column should clearly indicate the amount of remuneration received by the directors of the company from the foreign investment business of the subsidiary or the parent company (if not, please fill in "none").

B. Directors of a company who receive remuneration from a non-subsidiary investment business or related to a parent company shall incorporate the remuneration received by the directors of the company in the non-subsidiary investment business or parent company into column I of the remuneration scale table and change the name of the field to "Parent and all reinvestment business."

C. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses related to the director's role as a director, supervisor or manager of a business other than a subsidiary or a parent company of the Company.

*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for taxation purposes.

(2) Compensation Paid to General Manager & Deputy General Managers in 2021

A. Compensation Paid to General Manager & Deputy General Managers (aggregated with scale method of name disclosure)

Unit: NT\$ thousand, %

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and allowances (C) (Note 3)		Employees' Compensation (D) (Note 4)				Total Remuneration (A+B+C+D) and their proportion to net income after tax (%) (note 8)		Receive a remuneration from a foreign invested business or parent company (Note 9)	
		Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.		All companies in the financial report (Note 5)		Maxigen Biotech Inc.	All companies in the financial report		
								Cash	Shares	Cash	Shares				
General Manager	Ching-Ting Chen	4,743	4,743	240	240	1,365	1,365	784	0	784	0	8.14	8.14	None	
Deputy General Manager	Po-Hung Lai														
General Manager	Sung-Chin Chen (Note 1)														
Deputy General Manager	Shu-Fang Xiong (Note 1)														
Deputy General Manager	Zhi-Yi Xu (Note 1)														

Note 1: General Manager Sung-Chin Chen resigned on September 17, 2021.
 Deputy General Manager Shu-Fang Xiong resigned on March 13, 2021.
 Deputy General Manager Zhi-Yi Xu resigned on November 05, 2021.

(1-1) Brackets for Compensation Paid

Brackets for Compensation Paid to General Manager & Deputy General Managers	Name	
	From Maxigen Biotech Inc. (Note 6)	All companies included in the financial statements (note 7)
Less than NT\$ 1,000,000	Shu-Fang Xiong, Zhi-Yi Xu	Shu-Fang Xiong, Zhi-Yi Xu
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	Ching-Ting Chen	Ching-Ting Chen
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	Sung-Chin Chen, Po-Hung Lai	Sung-Chin Chen, Po-Hung Lai
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)		
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)		
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)		
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)		
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)		
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)		
NT\$ 100,000,000 and above		
Total		

Note 1: The names of the general manager and the deputy general manager should be listed separately, and the amounts of each payment should be disclosed in aggregate. If the director concurrently serves as the general manager or deputy general manager, this form and the above form (1-1), or (1-2-1) and (1-2-2) should be filled out.

Note 2: Fill in the latest annual general manager and deputy general manager salary, position bonus, severance pay.

Note 3: Fill in the latest annual general manager and deputy general manager various bonuses, incentives, car and horse fees, special expenses, various allowances, dormitories, vehicles and other in-kind provision and other remuneration amounts. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: Fill in the amount of employee remuneration (including stock and cash) that was approved by the board of directors to distribute to the general manager and deputy general managers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated in proportion to the actual distribution amount of the previous year, and table 1 to 3 shall be additionally filled in.

Note 5: The aggregate amount of remuneration paid by all companies (including the Company) to the general and deputy general managers of the Company in the combined report should be disclosed.

Note 6: The Company paid each general manager and deputy general manager the aggregate amount of remuneration and disclosed the names of the general manager and deputy general manager in the ranking to which they belonged.

Note 7: The aggregate remuneration paid by all companies (including the Company) to each of the general and deputy general managers of the Company in the combined report should be disclosed, and the names of the general and deputy general managers should be disclosed in the ranking to which they belong.

Note 8: Net profit after tax represents net profit after tax as reported by individual or individual financial statements for the latest year.

Note 9: A. This column should clearly indicate the amount of remuneration received by the general manager and deputy general manager of the company from the foreign investment business or the parent company (if none, please fill in "none").

B. the general manager and deputy general manager of a company who receive remuneration from a non-subsidiary investment business or related to the parent company, shall incorporate the remuneration received by the general manager and deputy general manager of the company in the non-subsidiary investment business or the parent company into column E of the remuneration scale. And change the field name to "Parent Company and all reinvestment businesses."

C. Remuneration means compensation, remuneration (including staff, directors and monitors) and business execution expenses received by the general manager and deputy general manager of the Company in his capacity as a director, inspector or manager of a non-subsidiary or a parent company.

Note 10: General Manager Sung-Chin Chen resigned on September 17, 2021.
Deputy General Manager Shu-Fang Xiong resigned on March 13, 2021.
Deputy General Manager Zhi-Yi Xu resigned on November 05, 2021.

(2-1) Employee Compensation Amount Paid to Top Five Supervisors (individual disclosure of names and remuneration methods) (Note 1)

Title	Name	Salary (a) (Note 2)		Retirement pension (B)		Bonuses and allowances (C) (Note 3)		Employees' Compensation (D) (Note 4)				Total Remuneration (A+B+C+D) and their proportion to net income after tax (%) (note 8)		Receive a remuneration from a foreign invested business or parent company (Note 9)
		Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.	All companies in the financial report (Note 5)	Maxigen Biotech Inc.		All companies in the financial report (Note 5)		Maxigen Biotech Inc.	All companies in the financial report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
General Manager	Ching-Ting Chen	540	540	32	32	750	759	-	-	-	-	1.51%	1.51	None
Deputy General Manager	Po-Hung Lai	1,560	1,560	94	94	615	615	252	0	252	0	2.88%	2.88	None
Associate	Wen-Yu Li	1,089	1,089	72	72	472	472	177	-	177	-	2.06%	2.06	None
General Manager	Sung-Chin Chen	1,970	1,970	77	77	-	-	532	-	532	-	2.94%	2.94	None
Accounting Manager	Yi-Hua Yu	984	984	60	60	233	233	110	-	110	-	1.58%	1.58	None

Note 1: "Employee Compensation Amount Paid to Top Five Supervisors" refer to the managers of the Company. The criteria for the recognition of managers are based on the scope of "managers" as stipulated by the former Securities and Futures Commission of the Ministry of Finance in its Order No. 0920001301 dated March 27, 2003. The "Employee Compensation Amount Paid to Top Five" calculation is based on the total amount of salaries, retirement pensions, bonuses and special payments received by the manager from all companies in the consolidated financial statements, as well as the amount of employee compensation (i.e., the total of the four items A+B+C+D), and then ranked by the top five highest compensation. If a Director is also a former supervisor, this table and the above table (1-1) should be completed.

Note 2: Includes the salary, job addition and severance pay of the top five paid supervisors for the most recent year.

Note 3: In the series, fill in the various bonuses, incentives, car fees, special expenses, various allowances, dormitories, cars and other in-kind provision and other remuneration amounts for the compensation paid to the top five supervisors in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it is not included in the remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: Fill in the amount of employee remuneration (including stock and cash) approved by the board of directors to distribute to the top five supervisors in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of last year, and table 1-3 shall be additionally filled in.

Note 5: The total amount of remuneration paid by all companies (including the company) to the company's top five top supervisors in the consolidated report should be disclosed.

Note 6: Net profit after tax represents net profit after tax as reported by individual or individual financial statements for the latest year.

Note 7: A. This column should clearly indicate the amount of remuneration received by the top five supervisors of the company from the non-subsiary's foreign investment business or the parent company's related remuneration (if not, please fill in "nil").

B. Remuneration is the compensation, remuneration (including staff, directors and supervisors' emoluments) and business execution expenses received by the five highest supervisors of the Company in their capacity as directors, supervisors or managers of a non-subsiary or parent company for foreign investment.

Note 8: General Manager Sung-Chin Chen resigned on September 17, 2021.

Deputy General Manager Shu-Fang Xiong resigned on March 13, 2021.

Deputy General Manager Zhi-Yi Xu resigned on November 05, 2021.

Accounting Manager Yi-Hua Yu resigned on March 21, 2022.

(3) The name of the manager who distributes the employee's remuneration and the distribution:

Unit: NT\$ thousand, %

	Title	Name	Stock	Cash	Total	The total amount as a net percentage after tax (%)
Manager	General Manager	Sung-Chin Chen	0	1,072	1,072	1.22%
	Deputy General Manager	Shu-Fang Xiong				
	Deputy General Manager	Bo-Hong Lai				
	Associate	Wen-Yu Li				
	Accounting Manager	Yi-Huan You				

Note 1: Individual names and titles should be disclosed, but distribution of profits can be disclosed in aggregate.

Note 2: Fill in the amount of employee remuneration (including stock and cash) that was approved by the board of directors to distribute to managers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year will be calculated in proportion to the actual distribution amount of the previous year. The net income after tax refers to the net income after tax of the most recent year; if IFRSs have been adopted, the net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 3: The scope of application of the Manager, in accordance with the order of TCCI No. 0920001301 dated March 27, 2013, is as follows:

- (1) General Manager and equivalent
- (2) Deputy General Manager and equivalent
- (3) Associate and equivalent
- (4) Finance Department Supervisor
- (5) Accounting Department Supervisor
- (6) Other persons who have the right to manage and sign for the company

Note 4: If a Director, General Manager or Deputy General Manager receives compensation (including stock and cash) for his or her employees, he or she should complete this form in addition to Schedule 1.2.

- (4) If a listed company has any one of the preceding items or five of the preceding items, it should disclose the remuneration of the top five highest paid executives individually: None
- (5) An analysis of the total compensation paid to the Company's directors, supervisors, general manager and vice president as a percentage of net income after tax for the last two years for the Company and all consolidated companies, respectively, and a description of the policy, criteria and composition of compensation payments, the process of setting compensation and the correlation with operating performance and future risks.

A. Analysis of total remuneration paid to the Company's directors, supervisors, general manager and vice president as a percentage of net income after tax for the most recent year for the Company and all companies in the consolidated financial statements.

Unit: NT\$ thousand

Title	2020				2021			
	Total remuneration		Percentage of net income after tax (%)		Total remuneration		Percentage of net income after tax (%)	
	Maxigen Biotech Inc.	Consolidate all companies in the report	Maxigen Biotech Inc.	Consolidate all companies in the report	Maxigen Biotech Inc.	Consolidate all companies in the report	Maxigen Biotech Inc.	Consolidate all companies in the report
Director	10,157	10,157	16.04	16.04	7,185	7,185	8.20	8.20
General Manager and Deputy General Manager	4,675	4,675	7.38	7.38	7,132	7,132	8.14	8.14

The Company's policies and standards for remunerating directors, supervisors and managers are based on the Company's Articles of Incorporation and operating results, and are determined with reference to the industry norm. The increase in the percentage of net income after tax in 2021 compared to 2020 was due to the increase in profit for the year.

- B. The remuneration of directors and supervisors, including transport fees and remuneration for directors and supervisors of earnings distribution, shall be paid in accordance with the Company's Articles of Incorporation.
- C. The remuneration of the General Manager and Deputy General Manager is considered in accordance with the approved principles of the Company's grade level compensation.
- D. The remuneration standards for directors, supervisors, general manager and vice president will be adjusted according to future changes in circumstances.
- E Mr. Chen Songqing, a director of the Company, is also the general manager and his remuneration is included in the calculation of the total number of directors.

4. Corporate Governance Operation

(1) Board of Directors Meeting Status

A. 2021 9th Board Meeting (term: June 29, 2020 to July 12, 2021). There were 4 (A) regular meetings convened. The directors' attendance status on July 12, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Chairman	Global Investment Holdings Authorized Representative: Li-De Hsu	4	0	100%	
Director	China Investment and Development Authorized Representative: Tsiu-Yuan Li	4	0	100%	
Director	Global Investment Holdings Authorized Representative: Tsang-Pang Chang	2	0	100%	
Director	China Investment and Development Authorized Representative: Sung-Chin Cheng	4	0	100%	
Director	Global Investment Holdings Authorized Representative: Shui-Chuan Tai	2	1	50%	
Director	Li-Yan Chang	3		75%	
Independent Director	Si-Tang Tung	3	0	100%	
Independent Director	Shi-Hsiung Tung	3	0	75%	
Independent Director	Shao-Long Chen	4	0	100%	

B. 2021 10th Board Meeting (term: June 29, 2020 to July 12, 2021). There were 5 (A) regular meetings convened. The directors' attendance status on December 31, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Chairman	TCI Co., Ltd. Authorized Representative: Yung-Hsiang Lin	5	0	100%	
Director	TCI Co., Ltd. Authorized Representative: Chen-Chen Fu	5	0	100%	
Director	China Investment and Development Authorized Representative: Tsiu-Yuan Li	5	0	100%	
Director	TCI Co., Ltd. Authorized Representative: Cheng-Chia Huang	4	0	100%	
Director	TCI Co., Ltd. Authorized Representative: Ching-Ting Chen	1	0	100%	Elected on December 30, 2022
Independent Director	Sung-Yuan Liao	5	0	100%	
Independent Director	Chung-Ming Tseng	5	0	100%	
Independent Director	Shih-Ming Li	5	0	100%	

C. Annotations

a. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified.

- 1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, therefore not applicable.
- 2) Other resolutions opposed or reserved by the independent directors with records or written statements: None

b. Directors' avoidance of motions in conflict of interest, the director's names, contents of motion, causes for avoidance and voting should be specified:

Board of Directors	Proposal	Reasons for Recusal	Participation in Deliberation
2021 3rd Board of Directors 2021.09.13	Proposal 1: Personnel adjustment of the Company's General Manager	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 3rd Board of Directors 2021.09.13	Proposal 3: Removal of Non-Competition Restrictions for the new Manager	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 3rd Board of Directors 2021.09.13	Proposal 5: Election of Members of the First Nomination Committee of the Company	Related parties avoided interests.	After the related parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 4 th Board of Directors 2021.11.03	Proposal 1: New Manager of the Company	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 4 th Board of Directors 2021.11.03	The Company intends to issue 3,400 units (3,400,000 shares) of employee stock options in accordance with the revised "Regulations for the Issuance and Stock Issuance of Employee Stock Options No. 1 in 2021."	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 4 th Board of Directors 2021.11.03	Proposal 5: The new appointment of the Supervisor of Corporate Governance	Related parties avoided interests.	After the related parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 5 th Board of Directors 2021.12.30	Proposal 6: Appointment of the Company's Audit Supervisor.	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.

Board of Directors	Proposal	Reasons for Recusal	Participation in Deliberation
2021 5 th Board of Directors 2021.12.30	Proposal 7: Adjustment of the Company's manager's salary related matters		After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021 5 th Board of Directors 2021.12.30	Proposal 7: The Company's 2021 annual manager year-end bonus payment.		After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2022 1st Board of Directors 2022.03.21	Proposal 5: Financial Report Accountant's Fee and Independence Assessment	Related parties avoided interests.	After the related parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2022 2nd Board of Directors 2022.05.03	Proposal 10: The Company's 2021 distribution of employees' and directors' remuneration	The attending managers avoided interest.	After the attending manager has evaded his interests, the attending directors have been consulted by the Chairman and passed the case without objection
2022 2nd Board of Directors 2022.05.03	Proposal 1: Personnel adjustment of the financial manager and adjustment of salary remuneration	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2022 2nd Board of Directors 2022.05.03	Proposal 5: Increase the number of members of the Nomination Committee	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2022 2nd Board of Directors 2022.05.03	Proposal 6: Establishment of a Risk Management Committee	Attending stakeholders, managers evading interests	After the related parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.

c. The listed and OTC companies should disclose information such as the evaluation frequency and period, evaluation scope, method, and evaluation content of the board's self (or peer) evaluation:

Frequency	Period	Scope	Method	Content
Annual self-assessment	Should be completed by the end of the first quarter of the following year.	Including performance evaluation of the Board of Directors as a whole, individual board members and functional committees	The methods of evaluation include internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate means to conduct performance evaluation.	The Company shall establish the items for measuring the performance of the Board of Directors, taking into account the Company's situation and needs, and shall include at least the following five major aspects: 1. Extent of participation in the Company's operations 2. Improve the quality of the board's decisions 3. Composition and structure of the Board of Directors 4. Selection and continuous training of Directors 5. Internal control

d. Evaluation of the current and most recent year's goals for strengthening the Board of Directors' functions (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation:

- 1) Strengthening the functions of the Board of Directors: With respect to the system of independent directors, the Company established an audit committee with three independent directors after the shareholders' meeting on June 29, 2020. The three independent directors attend the Board of Directors' meetings well and use their industry knowledge to provide the Board of Directors with good advice on the motions related to business, financial and legal issues in the Board of Directors' meetings.
- 2) Improve information transparency, etc., the financial statements of the company and its subsidiaries are entrusted by Qinye Certified Public Accountants to regularly check the CPAs. All information disclosure required by laws and regulations can be completed correctly and in a timely manner, and designated personnel are responsible for the collection and disclosure of company information. Work and establish a spokesperson system to ensure that all major information can be disclosed in a timely and fair manner for shareholders and stakeholders to refer to the company's financial business-related information.

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A. Information on the operation of the Audit Committee or the participation of supervisors in the operation of the Board of Directors

a. 2021 1st regular meeting (term: June 29, 2020 to July 12, 2021). There were 2 regular meetings convened in 2021. The attendance status as of July 12, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note1, Note 2)	Notes
Independent director a	Si-Tang Tung	2		100%	
Independent director b	Shi-Hsiung Tung	2		100%	
Independent director c	Shao-Long Chen	2		100%	

Annotations:

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or major recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion.
 - (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Refer to 11, other significant matters as stipulated by the Company or the competent authority.
 - (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the independent director's names, contents of motion, causes for avoidance and voting should be specified.
3. Communications between the independent directors, the Company's audit committee and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

Note 1: If an independent director resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of audit committee meetings and the actual number of attendance during their tenure.

Note 2: Before the end of the year, if there is an independent director re-election, the new and old independent directors should be filled in, and the old, new or re-appointed and re-election date of the independent director should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual attendance during his or her employment.

B. The Company has established an Audit Committee

2021 2nd regular meeting (term: July 12, 2021 to July 12, 2024). There were 4 regular meetings convened in 2021. The attendance status as of December 31, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Independent director a	Sung-Yuan Liao	4		100%	
Independent director a	Chung-Ming Tseng	4		100%	
Independent director a	Shih-Ming Li	4		100%	

Annotations:

- Composition and duties of supervisors: responsible for carrying out the duties of supervisors as stipulated in the relevant laws and regulations
 Communication between the supervisor and the employees and shareholders: The supervisor communicates with the employees responsible for the business by telephone, e-mail, fax or in person, and attends the board of directors' meetings and shareholders' meetings.
 Communication between the supervisor and the Internal Audit Unit Supervisor and the accountant:
 (1) The audit unit submits the audit report to the supervisor in accordance with the law, and the audit supervisor attends the Board of Directors' meeting.
 (2) The accountant holds regular communication meetings with the supervisor on the annual and semi-annual report audits.
- If the supervisor attends the Board of Directors meeting and expresses opinions, he/she shall state the date, the period, the content of the proposal, the result of the resolution of the Board of Directors meeting, and the Company's handling of the supervisor's opinions: None.

The terms of reference of this committee are as follows:

- Establish or amend the internal control system in accordance with the provisions of Article 14 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- In accordance with Article 36-1 of the Securities and Exchange Act, the Company shall establish or amend procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee of others.
- Matters concerning the interests of the Directors.
- Significant asset or derivative transactions.
- Substantial capital loan, endorsement or guarantee of funds.
- Raising, issuing or private placement of securities with equity nature.
- Appointment, dismissal or compensation of CPAs.
- Appointment and removal of the supervisor of finance, accounting or internal audit.
- The annual financial report signed or sealed by the chairman of the board of directors, the manager and the chief accounting officer, and the second quarterly financial report subject to audit and certification by the accountant.
- Other significant matters as stipulated by the Company or the competent authority.

Meeting Date	Proposal	Resolution	MBI's Response to Resolution
5th meeting of 1 st Committee 2021.03.22	Proposal 1: The Company's 2020 Business Report and Financial Statements. Proposal 2: Schedule of distribution of the Company's fiscal 2020 earnings Proposal 3: The Company's "Statement of Internal Control System." Proposal 4: 2021 Audit Program Amendment.	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present

Meeting Date	Proposal	Resolution	MBI's Response to Resolution
	<p>Proposal 5: The Company's "General Principles of Internal Control System", "Internal Control System and Management System", "Internal Audit System and Implementation Rules" and "Procedures for Self-Assessment of Internal Control System" have been amended.</p> <p>Proposal 6: Amendments to the "Rules of Procedures of the Board of Directors", "Rules for Evaluating the Performance of the Board of Directors", "Rules for the Election of Directors", and "Rules of Procedures of the Shareholders' Meeting" of the Company.</p> <p>Proposal 7: Amendments to the Company's Articles of Incorporation.</p>		
6th meeting of 1 st Committee 2021.05.14	Proposal 1: Private placement of securities by the Company.	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present
1st meeting of 2 nd Committee 2021.07.27	<p>Proposal 1: The Company's first employee stock option issue and stock option plan for fiscal 2021.</p> <p>Proposal 2: The Company is engaged in a private placement of common stock at the target and price of the offering and related matters.</p> <p>Proposal 3: The Company's financial statements for the second quarter of 2021.</p> <p>Proposal 4: The Company intends to change the accounting firm and the certified public accountant.</p> <p>Proposal 5: The Company's accountant's expense.</p> <p>Proposal 6: Amendment to the Company's "approval authority list."</p>	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present
2nd meeting of 2 nd Committee 2021.09.13	<p>Proposal 1: The change of the General Manager of the Company.</p> <p>Proposal 2: Proposed disposal of the Company's Tainan skincare products factory subsidiary equipment.</p>	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present
3rd meeting of 2 nd Committee 2021.11.03	<p>Proposal 1: Proposed cancellation of overseas subsidiaries by the Company</p> <p>Proposal 2: Amendment to the Company's 1st Employee Stock Option Issue and Stock Option Regulations for 2021.</p> <p>Proposal 3: The Company intends to issue 3,400 units (3,400,000 shares) of employee stock options in accordance with the revised "Regulations for the Issuance and Stock Issuance of Employee Stock Options No. 1 in 2021."</p> <p>Proposal 4: The new appointment of the supervisor of corporate governance.</p>	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present
4th meeting of 2 nd Committee 2021.12.30	<p>Proposal 1: The Company's operating plan and budget for 2022.</p> <p>Proposal 2: The Company's 2022 audit plan.</p> <p>Proposal 3: Draft measures for the appointment, removal, appraisal and remuneration of internal auditors.</p> <p>Proposal 4: The appointment of the audit supervisor of the Company.</p>	The Committee agreed to adopt	To be approved by the Board of Directors with the consent of all directors present

(3) The operation of corporate governance and the differences between it and the Code of Corporate Governance Practices of listed and listed companies and the reasons therefor

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
1. Does the Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	V		The Company has formulated the Corporate Governance Best Practice Principles and disclosed the relevant information on the official website and the Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders’ Rights (1) Does the Company have Internal Operating Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V V		(1) The Company has a spokesperson and an agent spokesperson to deal with matters such as shareholder suggestions or disputes, and has a stock department to consult relevant shareholder issues. (2) The Company keeps track of the shareholdings of directors, managers and major shareholders holding 10% or more of the shares, and reports the shareholdings of major shareholders on a regular basis. (3) The Company has established the relevant control mechanism in the Company’s internal regulations and internal control system in accordance with the Act, which will be implemented in accordance with the management practices of the relevant subsidiaries. (4) The Company has established “Internal Material Information Procedures” to prevent insider trading.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors have a diversity policy, specific	V		(1) The composition of the tenth session of the Board of Directors of the Company is in accordance with the provisions of the Company’s Articles of Incorporation and the Rules	None

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
management objectives and implementation?			<p>Governing the Election of Directors to ensure the diversity and independence of the Board members.</p> <p>The current board members are all distinguished professionals in industry and academia, with experience in corporate management practices of listed companies or in management positions in government agencies, and with leadership and decision-making, crisis management and international market perspectives. The important objectives of the board members are as follows:</p> <p>A. Among the directors, one is an accountant and one is a physician</p> <p>B. Target of 3 female Directors</p> <p>(2) The introduction of the tenth session of directors is as follows:</p> <p>A. 3 Independent Directors:</p> <p>(a) Independent director Dr. Seng-Yuan Liao graduated from National Chung Hsing University with a doctorate in industrial knowledge and medical professions.</p> <p>(b) Independent director Zeng Zhongming holds a master's degree from the Institute of Industrial Engineering, National Taiwan Chiao Tung University, and a bachelor's degree in Industrial Engineering Management, National Taiwan Chiao Tung University. Director of the Department, Director of the Telecommunications Division of Yaoshuo Technology (Stock) Company, with industry knowledge, business management and other majors.</p> <p>Professional in industry knowledge, management and management.</p> <p>(c) Independent Director Shih-Ming Li graduated from the University of California, USA, a researcher in reproductive endocrinology and infertility, Liming Obstetrics and Gynecology, director of the Obstetrics and Gynecology Department of the Air Force General Hospital, and head of the Reproductive Medicine Center of the Air Force General Hospital, with a major in medicine.</p> <p>B. 4 Directors:</p> <p>(a) Chairman Yung-Hsiang Lin graduated from the Department of Botany of Zhongxing University with a bachelor's degree. He is the deputy general manager of TCI Co., Ltd. (stock), the manager of the biomedical department of DajiangXingye (stock)</p>	

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences																																																																																				
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			<p>Company, and the deputy marketing manager of Xinfra International Biotechnology (stock) Company. Professional skills such as management, financial knowledge and operational judgment.</p> <p>(b) Director Tsiu-Yuan Li once served as a securities analyst of CITIC Securities and a project manager of the Institute of Electronics, Industrial Technology Research Institute. She has professional skills such as business management, industry knowledge and business judgment.</p> <p>(c) Director Chen-Chen Fu graduated from Feng Chia University with a bachelor's degree in Finance and Taxation, and has professional skills in business management, accounting and finance.</p> <p>(d) Director Ching-Ting Chen graduated from National Taiwan University with a master's degree in chemistry. She won two gold medals and one special award at the Pittsburgh Invention Exhibition in 2013 and 2016. She has research and development capabilities, industrial knowledge and other professional capabilities.</p> <p>(3) The implementation of the various objectives of the Directors is as follows:</p> <p>A. From the above description, the existing directors are all leaders from industry and academia, who have experience in the management of listed companies in operating companies or in government agencies, and have leadership decision-making, crisis management, and international market outlook. The implementation of multiple goals is disclosed as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Gender</th> <th>Nationality</th> <th>Length of time as an Independent Director of the Company</th> <th>Operational Judgment Skills</th> <th>Accounting and Financial Analysis Skills</th> <th>Operational Management Skills</th> <th>Crisis Management Skills</th> <th>Industry Knowledge</th> <th>International Market Outlook</th> <th>Leadership Skills</th> <th>Decision-making Skills</th> </tr> </thead> <tbody> <tr> <td>Yung-Hsiang Lin</td> <td>Male</td> <td>ROC</td> <td>0</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Tsiu-Yuan Li</td> <td>Female</td> <td>ROC</td> <td>0</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Chen-Chen Fu</td> <td>Male</td> <td>ROC</td> <td>0</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Cheng-Chia Huang</td> <td>Male</td> <td>ROC</td> <td>0</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Ching-Ting Chen</td> <td>Male</td> <td>ROC</td> <td>0</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Seng-Yuan Liao (Independent Director)</td> <td>Male</td> <td>ROC</td> <td>0.9</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td>V</td> </tr> </tbody> </table>	Name	Gender	Nationality	Length of time as an Independent Director of the Company	Operational Judgment Skills	Accounting and Financial Analysis Skills	Operational Management Skills	Crisis Management Skills	Industry Knowledge	International Market Outlook	Leadership Skills	Decision-making Skills	Yung-Hsiang Lin	Male	ROC	0	V	V	V	V	V	V	V	V	Tsiu-Yuan Li	Female	ROC	0	V	V	V	V	V	V	V	V	Chen-Chen Fu	Male	ROC	0	V	V	V	V	V	V	V	V	Cheng-Chia Huang	Male	ROC	0	V	V	V	V	V	V	V	V	Ching-Ting Chen	Male	ROC	0	V	V	V	V	V	V	V	V	Seng-Yuan Liao (Independent Director)	Male	ROC	0.9	V	V	V	V			V	V	
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Item	Operation status											Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences																																				
	Yes	No.	Summary description																																													
(2) Does the Company voluntarily set up various functional committees other than the Compensation Committee and Audit Committee in accordance with the law?	V		<table border="1"> <thead> <tr> <th>Name</th> <th>Gender</th> <th>Nationality</th> <th>Length of time as an Independent Director of the Company</th> <th>Operational Judgment Skills</th> <th>Accounting and Financial Analysis Skills</th> <th>Operational Management Skills</th> <th>Crisis Management Skills</th> <th>Industry Knowledge</th> <th>International Market Outlook</th> <th>Leadership Skills</th> <th>Decision-making Skills</th> </tr> </thead> <tbody> <tr> <td>Chung-Ming Tseng (Independent Director)</td> <td>Male</td> <td>ROC</td> <td>0.9</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Shih-Ming Li (Independent Director)</td> <td>Male</td> <td>ROC</td> <td>0.9</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> </tbody> </table>									Name	Gender	Nationality	Length of time as an Independent Director of the Company	Operational Judgment Skills	Accounting and Financial Analysis Skills	Operational Management Skills	Crisis Management Skills	Industry Knowledge	International Market Outlook	Leadership Skills	Decision-making Skills	Chung-Ming Tseng (Independent Director)	Male	ROC	0.9	V	V	V	V	V	V	V	V	Shih-Ming Li (Independent Director)	Male	ROC	0.9	V	V		V	V	V	V	V	
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(3) Does the Company have a board of directors' performance evaluation system and its evaluation method, and conducts performance evaluation annually and regularly, and reports the results of performance evaluation to the board of directors for reference of individual director's salary compensation and nomination for	V		<p>B. The directors of the Company have professional knowledge in business operations and the latest professional and industrial knowledge required for the Company's business and have met the current development objectives of the Company.</p> <p>C. The Company pays attention to gender equality in the composition of the Board of Directors. Currently, there is one female director on the Board of Directors. Thus, the current goal has been achieved. In the future, the number of female directors will be increased according to the company's operational needs.</p> <p>(2) The Company has established a Salary and Compensation Committee and an Audit Committee on June 2020.</p> <p>(3) The Company has established a method for evaluating the performance of the Board of Directors and how to evaluate it. In addition, the Board of Directors has executed the 2021 Board of Directors' performance evaluation (Performance Evaluation Report of External Organizations, Corporate Governance Association of Societies) in early 2022.</p>																																													

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
reappointment? (4) Does the Company periodically evaluate the independence of the CPA?	V		(4) The Company evaluates the independence of the certifying accountant annually and submits it to the first Board of Directors meeting in 2022 for consideration and approval. After the company's assessment, the accountants of Zicheng United Certified Public Accountants - Ming-Chuan Hsu and Ping-Chun Chih, both meet the company's independent assessment standards and are qualified to serve as the company's certified accountants, and the accounting firm has issued a letter of declaration.	
4. Has the Company established a full- (or part-) time corporate governance unit or assigned personnel to take charge of corporate governance affairs (including but not limited to provide information required for business execution for directors and supervisors, handle matters related to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings)?	V		On November 3, 2021, the Company newly appointed Cheng-Chia Huang as the Corporate Governance Officer to be responsible for corporate governance matters. Main Responsibilities (1) Conduct meetings of the board of directors and shareholders in accordance with the law (2) Preparation of minutes of the Board of Directors' and shareholders' meetings. (3) Assist the Directors in their appointment and continuing education. (4) Provide information necessary for the directors to carry out their business. (5) Assist directors to comply with the law. (6) Other matters as provided for in the Articles of Incorporation or contract, etc.	No significant difference
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has a spokesperson and shareholder column on the Company's website, providing a contact channel for stakeholders, including shareholders, bankers and other creditors, employees, customers, and suppliers.	No significant difference

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has appointed Yuanta Securities to handle the affairs of the shareholders' meetings.	No significant difference
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)? (3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third-quarter financial reports and the monthly operating situation within the prescribed deadline?	V V V		(1) The Company makes announcements on financial operations and corporate governance matters in accordance with the law, and the information is available on the Market Observation Post System. (2) The Company has a dedicated department responsible for the collection and dissemination of information and has established a spokesperson mechanism in accordance with the regulations. (3) The Company reports its annual financial statements and first, second and third quarter financial statements and operations for each month in accordance with the regulations.	No significant difference
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including	V		(1) Employees' Rights and Interests: The Company always treats employees with honesty and trust and protects their rights and interests in accordance with relevant laws and regulations. (2) Employee care: The Company has established a good relationship with employees through	No significant difference

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			<p>a good welfare system, education and training, as well as by strengthening interactive communication and mutual trust.</p> <p>(3) Investor Relations: Through the Public Information Observation Post System and the Company's website, we disclose sufficient information for investors to fully understand the Company's operation, and communicate with investors through the shareholders' meeting and spokesperson mechanism, pay attention to investors' opinions and handle them appropriately.</p> <p>(4) Rights of interested parties: Responsibility to customers: The Company provides safe and quality products, values customer opinions, takes immediate action to address customer complaints to meet customer needs. B. For shareholders' liability: The goal of the Company's efforts is to create shareholder rights and interests.</p> <p>(5) Status of further education for Directors and Supervisors: As required by law.</p> <p>(6) Implementation of risk management policies and risk measurement standards: Implementation of risk management policies and risk measurement standards: The Company follows the spirit of the Company's internal control design, and each department regularly implements internal self-assessment, followed by review and improvement by auditors, in order to reduce operational risks.</p> <p>(7) Implementation of the policy to protect consumers or customers: The company has passed ISO9001, ISO13485 and GMP certification, and obtained FDA product certification in various countries.</p> <p>(8) The Company has taken out liability insurance for directors and supervisors: The Company has taken out liability insurance for directors and supervisors to cover possible risks.</p> <p>(9) Establish information security risk management framework, formulate information security policy and specific management plan: The Company has already set up an information management department when it was established in 1998. The company regularly assesses information security risks every year, and is subject to inspection and audit by the external audit unit and the company's internal audit unit, and regularly reports information-related information to the General Manager's work meeting at the economic management meeting</p>	

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
			<p>every month. The key points of the Company's information security assessment are as follows:</p> <p>1. Information architecture inspection, 2. network activity inspection, 3. network equipment, server and terminal equipment inspection, 4. website security inspection, 5. security settings inspection, the main assessment items and specific management solutions are described as follows:</p> <p>1. Information architecture inspection</p> <p>(1) Review the appropriateness of the measures taken for the continuity of operations. Review the structure and maintenance mechanism of related measures for the risk of single point failure, and to conduct risk analysis for the appropriateness of business continuity, such as ERP system and network equipment, and to present the results and recommendations of information architecture security assessment.</p> <p>(2) View maximum impact and risk tolerance for a single point of failure Evaluate whether the impact is within the risk tolerance, and if not, discuss and implement improvement plans.</p> <p>2. Network activity inspection</p> <p>(1) View device access records and account privileges</p> <p>(2) Review the access records, account privileges granted and monitoring mechanisms of network devices, information security devices and servers for compliance with internal control practices.</p> <p>3. Network equipment, server and terminal equipment inspection</p> <p>(1) Weakness scanning and patching</p> <p>(2) The policies of network equipment, servers and terminals are reviewed periodically or in a timely manner, and improvements and fixes are made to address any inappropriate policies found. Based on the results, the evaluation recommendations focus on identifying possible weaknesses and loopholes in the structure, improving and fixing them, and reducing the overall information security risk.</p> <p>4. Website security inspection</p> <p>(1) Website penetration testing</p>	

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
			<p>(2) The penetration test is divided into three steps: data collection, information analysis, and target penetration, etc. The execution method simulates hacker attacks, using security testing tools to conduct penetration tests on websites with open external links to examine whether there are any vulnerabilities and fix them.</p> <p>5. Security settings inspection</p> <p>(1) Server security policy settings</p> <p>(2) Regularly review the server (e.g., domain service Active Directory) settings regarding “password setting policy” and “account locking policy” to check whether the relevant domain security policy settings comply with internal control regulations through human work.</p> <p>(3) In 2018, external professional manufacturers were hired to conduct information security inspections, and systems such as firewalls and data backup were established. Information security course training was held on June 13, 2019 for 94 people and October 31 for 80 people. 100 people attended the information security course training from April 15th to 20th, 2020, and 110 people on October 14. On October 20, 2021, a total of 80 people took the information security course training, and an additional audit was conducted. In 2019 and 2020, there were no major flaws in the audit of information security risks.</p>	
<p>9. Please describe the improvements that have been made to the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those that have not yet been improved. (Not required if not included in the rated company)</p> <p>The Company has included the following enhanced projects for 2021:</p> <p>(1) Protection of Shareholders' Rights and Equal Treatment of Shareholders</p> <p>1.Upload the English version of the annual report before the ordinary shareholders' meeting</p> <p>(2) Strengthen the structure and operation of the Board of Directors</p> <p>1.The Company has formulated succession plans for board members and key management personnel, and disclosed their operations on the Company's website or in the annual report. 2. Whether the Company's independent directors have completed their education in accordance with the hours specified in the “Important Points for Continuing Education for Directors and Supervisors of Listed Companies.”</p> <p>(3) Improve information transparency</p>				

Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No.	Summary description	
			<p>1.Upload the annual report disclosed in English before the general meeting of shareholders 2. Invited (self) to hold at least two briefings for legal persons, and the interval between the first and last two briefings for legal persons in the year under evaluation is more than three months. 3. Simultaneously report major information in English 4. Whether the company’s annual report voluntarily discloses the general manager and deputy general manager individual remuneration.</p> <p>(4) Implementing corporate social responsibility</p> <p>1. Whether the Company has prepared and disseminated the CSR report on the Public Information Observation Post System and the Company’s website by the end of September in accordance with the internationally accepted guidelines for the preparation of reports.</p>	

Note: The operation should be described in the summary description field, regardless of whether “Yes” or “No” is checked.

Note 1: Criteria for assessing the independence of accountants

Monitor items	Results
1. As of the latest CPA operation, there has not been a five-year period of non-replacement.	■ Yes □ No
2. The appointed accountants have no significant financial interest in the Company.	■ Yes □ No
3. The appointed accountants shall avoid any inappropriate relationship with the Company.	■ Yes □ No
4. The appointed accountants should ensure that their assistants are honest, impartial and independent.	■ Yes □ No
5. The financial statements of the service provider for the two years prior to the commencement of business shall not be subject to audit.	■ Yes □ No
6. The name of an appointed accountant shall not be used by others.	■ Yes □ No
7. Does not hold shares in the Company and its affiliates.	■ Yes □ No
8. Loans between the appointed accountants and the Company and its affiliates are not allowed.	■ Yes □ No
9. The appointed accountants shall not have a joint investment or share of interest with the Company and its affiliates.	■ Yes □ No
10. The appointed accountants shall not concurrently serve as regular employees of the Company and its affiliates and shall be entitled to a fixed salary.	■ Yes □ No
11. The appointed accountants shall not be involved in the management functions of the Company and its affiliates in making decisions.	■ Yes □ No
12. The appointed accountants shall not engage in any other business that may lose its independence.	■ Yes □ No
13. The appointed accountants is not a spouse, direct blood relative, or relationship through direct marriage with the Company's management personnel.	■ Yes □ No
14. The appointed accountants shall not receive any commission related to the business.	■ Yes □ No
15. To date, no disciplinary action has been taken or the principle of independence has been compromised.	■ Yes □ No

函

受文者：和康生物科技股份有限公司

文號：資會綜字第 22000213 號

主旨：本事務所應 貴公司之要求，遵照會計師職業道德規範公報第 10 號「正直、公正、客觀及獨立性」之規定，評估本事務所對 貴公司之獨立性，評估結果及出具聲明如說明，請查照。

說明：

- 一、依會計師職業道德規範公報第 10 號(以下簡稱第 10 號公報)第 4 條之規定，會計師於查核或核閱財務報表時，「除維持實質上之獨立性外，其形式上之獨立更顯重要。因此，審計服務小組成員、其他共同執業會計師、事務所及事務所關係企業(以下簡稱審計服務小組成員及事務所之關係人)須對審計客戶維持獨立性」。另第 10 號公報第 7 條亦說明「獨立性可能受到自我利益、自我評估、辯護、熟悉度及脅迫而有所影響」。因是本事務所謹針對第 7 條所述可能影響獨立性之因素，逐一向 貴公司聲明本事務所之獨立性未受上述因素影響。
- 二、獨立性未受自我利益之影響：本事務所聲明，審計服務小組成員及本事務所之關係人，並未與 貴公司或董監事間有(一)直接或重大間接財務利益關係；(二)密切之商業關係；(三)潛在之僱佣關係；(四)融資或保證行為。
- 三、獨立性未受自我評估之影響：本事務所聲明，審計服務小組成員目前或最近兩年內並未擔任 貴公司之董監事或直接有重大影響審計案件之職務；另本事務所亦無提供非審計服務案件而直接影響審計案件之重要項目。
- 四、獨立性未受辯護之影響：本事務所聲明，審計服務小組成員未受託成為 貴公司立場或意見之辯護者，或代表 貴公司居間協調與其他第三人間發生之衝突。

- 五、獨立性未受熟悉度之影響：本事務所聲明，(一)審計服務小組成員並無與貴公司之董監事、經理人或對審計案件有重大影響職務之人員有親屬關係；(二)卸任一年以內之共同執業會計師並無擔任 貴公司董監事、經理人或對審計案件有重大影響之職務；(三)審計服務小組成員並無收受 貴公司或董監事、經理人價值重大之餽贈或禮物。
- 六、獨立性未受脅迫之影響：本事務所聲明，審計服務小組成員並未承受或感受 貴公司管理階層有關會計政策選擇或財務報表揭露之不當要求；或以降低公費為由以減少應執行之查核工作等，致影響客觀性及專業上之懷疑。
- 七、上述事項，除按本事務所有關客戶獨立性檢查之相關作業程序執行外，並已盡到專業上之注意，謹此 說明。

資誠聯合會計師事務所

徐 明 釗



會計師

支 秉 鈞



民國 一一一年 二月 十七日

2021 Directors' and Supervisors' training:

Title	Name	Inauguration Date:	Course Date	Organizer	Course Name	Course Hours	Does the course comply with the regulations for further education (Note 1)	Notes
Legal Director Representative	Yung-Hsiang Lin	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Legal Director Representative	Tsiu-Yuan Li	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Legal Director Representative	Chen-Chen Fu	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Legal Director Representative	Ching-Ting Chen	November 3, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Legal Director Representative	Cheng-Chia Huang	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Independent Director	Sung-Yuan Liao	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		

Title	Name	Inauguration Date:	Course Date	Organizer	Course Name	Course Hours	Does the course comply with the regulations for further education (Note 1)	Notes
Independent Director	Chung-Ming Tseng	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		
Independent Director	Shih-Ming Li	July 12, 2021	December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3.0	Yes	
			December 10, 2021	Corporate Operation Association of the Republic of China (Taiwan)	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3.0		

(4) The Composition of the Remuneration Committee, Responsibilities, and Operation :

A. Information of Remuneration Committee Members:

Year Month Day

Title (Note 1)	Name	Professional qualifications and experience (Note 2)	Independence Criteria (note 3)	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director	Chung-Ming Tseng	Engineering Technology and Organizational leadership Business-related industry experience	Independence compliance 1. No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates. 2. The number and proportion of the company's shares not held by the person, spouse, or second-degree relatives (or in the name of others) 3. Not serving as a director of a company with which the Company has a specific relationship 4. No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years	0
Independent Director	Sung-Yuan Liao	Life Sciences and Organizational Management Teaching-related industry experience	Independence compliance 1. No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates. 2. The number and proportion of the company's shares not held by the person, spouse, or second-degree relatives (or in the name of others) 3. Not serving as a director of a company with which the Company has a specific relationship 4. No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years	1
Independent Director	Shih-Ming Li	Medical and Organizational leadership Medical-related industry experience	Independence compliance 1. No spouse, second degree relative or other relative is a director, supervisor or employee of the Company or its affiliates. 2. The number and proportion of the company's shares not held by the person, spouse, or second-degree relatives (or in the name of others) 3. Not serving as a director of a company with which the Company has a specific relationship 4. No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years	1

B. Compensation (Remuneration) Committee Meeting Status

a. The Company has 3 members in the Remuneration Committee.

2021 4th session (term: June 29, 2020 to July 12, 2021). There was 1 meeting convened.

The attendance as of July 12, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)	Notes
Chair	Zeng-Hua Liu	1		100%	
Member	Si-Tang Tung	1		100%	
Member	Shi-Hsiung Tung	1		100%	

b. 2021 5th session (term: July 12, 2021 to July 12, 2024). There was 4 meeting convened. The attendance as of December 31, 2021 is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)	Notes
Chair	Chung-Ming Tseng	4		100%	
Member	Sung-Yuan Liao	4		100%	
Member	Shih-Ming Li	4		100%	

Annotations:

1. If the Board of Directors does not accept or amend the suggestions of the Remuneration Committee, please state the Board meeting date, term, the motions, content of the resolutions of the Board, and the Company's handling of the opinions proposed by the Remuneration Committee (If the compensation approved by the Board of Directors is better than that recommended by the Remuneration Committee, the difference should be stated and the reasons for the difference).
2. If the members of the Remuneration Committee have objections or reservations, and if there are records or written statements, the date and period of the Remuneration Committee, the content of the motion, the opinions of all members, and the treatment of the opinions of the members shall be stated.

Note:

- (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of actual attendances during the term of office.
- (2) Before the end of the year, if there is a re-election of the Remuneration Committee, the new and old members of the Remuneration Committee shall be filled in, and the remarks column shall indicate the old, new or re-appointed and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of attendances during the term of office.
- (3) The content of the motion, the results of the resolution and the Company's handling of the salary and Remuneration Committee's opinion

Remuneration Committee	Proposal	Resolution	MBI's Response to the Resolution
3rd meeting of 4 th Committee 2021.03.18	Proposal 1: 2020 remuneration distribution to employees and Directors of the Company Proposal 2: Amendments to the "Board of Directors' Performance Evaluation Regulations" of the Company.	Approved without objection	Approved by the Board of Director
1st meeting of the 5 th Committee 2021.07.27	Proposal 1: Proposal to formulate new management measures for the remuneration of directors of the company. Proposal 2: The proposed adjustment of the remuneration of the directors and independent directors of the Company from 2021 onwards.	Approved without objection	Approved by the Board of Director

Remuneration Committee	Proposal	Resolution	MBI's Response to the Resolution
2nd meeting 5 th Committee 2021.09.13	Proposal 1: The change of the General Manager of the Company. Proposal 2: The new Deputy General Manager of the Company.	Approved without objection	Approved by the Board of Director
3rd meeting of the 5 th Committee 2021.11.03	Proposal 1: New Manager of the Company. Proposal 2: It is proposed to issue 3,400 units (3,400,000 shares) of employee stock warrants in accordance with the revised "1st Employee Stock Option Issuance and Stock Purchase Plan for 2021." Proposal 3: The new appointment of the Supervisor of Corporate Governance.	Approved without objection	Approved by the Board of Director

C. Information on Nominating Committee members and operations

- a. The qualifications and responsibilities of the members of the Company's Nominating Committee are described.
- b. Professional qualifications and experience of the members of the Nominating Committee and their operation:
 - 1) The Nomination Committee of the Company has 3 members.
 - 2) 2021 first term (term: July 12, 2021 to July 12, 2024). There was 1 (A) meeting convened. The professional qualifications and experience of the members, as of the attendance of December 31, 2021 members are as follows:

Title	Name	Professional qualifications and experience	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)	Notes
Chair	Sung-Yuan Liao	Life Sciences and Organizational Management Medical-related industry experience	1		100%	
Member	Chung-Ming Tseng	Engineering Technology and Organizational leadership Technology-related industry experience	1		100%	
Member	Shih-Ming Li	Medical and Organizational leadership Medical-related industry experience	1		100%	

Annotations:
The date and duration of the meeting of the Nominating Committee, the content of the motion, the content of the proposal or objection of the members of the Nominating Committee, the result of the resolution of the Nominating Committee and the Company's handling of the opinions of the Nominating Committee.

Note:

- (1) If a member of the Nominating Committee resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Nominating Committee and the number of actual attendance during the term of office.
- (2) Before the end of the year, if there is a re-election of the Nominating Committee, the new and old members of the Nominating Committee shall be filled in, and the remarks column shall indicate the old, new or re-elected members and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Nominating Committee and the number of actual attendances during the term of office.

(5) Implementation of sustainable development and differences from the Code of Practice for Sustainable Development of listed and listed companies and reasons:

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.												
	Yes	No.	Summary description													
1. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is the board of directors supervising the situation?	V		<p>1. For sustainable development, the Company established the Greenhouse Gas Inventory Committee in May 2022.</p> <p>2. The Committee members and responsibilities are as follows:</p> <table border="1" data-bbox="662 645 1220 936"> <tr> <td>主任委員</td> <td>陳敬亭</td> <td>負責監督溫室氣體盤查小組運作。</td> </tr> <tr> <td>執行秘書</td> <td>趙美華</td> <td>1.負責召集相關盤查委員，並組成內部查證小組。 2.設置盤查組長負責規劃公司溫室氣體相關工作並協調相關部門配合。</td> </tr> <tr> <td>盤查委員</td> <td>賴柏宏 何治澧 汪俊言 徐婉卿 尤万豪 蔡昀潔 簡可欣 李文毓</td> <td>由各單位主管擔任，負責提供盤查組長必要之數據資料及支援。</td> </tr> <tr> <td>盤查組長</td> <td>李文毓</td> <td>1.負責擔任各部門之主要連絡窗口。 2.負責執行盤查作業，包括數據蒐集及量化。 3.負責製作溫室氣體排放清冊及盤查報告書。</td> </tr> </table> <p>On May 13, 2020, the Company adopted the risk management policy, which defines various types of risks in accordance with the Company's operating policies, prevents possible losses within the tolerable risk range, and achieves the principle of optimizing resource allocation. The Company does not have a dedicated risk unit, but emphasizes comprehensive risk control by all employees, and conducts risk analysis in conjunction with annual year-end budget management to effectively manage risk. Overall, the company's exposure to risk is divided into six categories, as described below:</p> <p>(1) Market risk: External changes such as domestic and international economic factors, technology, environment, and changes in consumer patterns have impacted the Company's industry.</p> <p>(2) Investment risk: Includes fluctuations in the market price of short-term investments and the operational management of long-term investments in investee companies. Such as interest rates, exchange rates, financial and capital lending risks.</p> <p>(3) Credit risk: Refers to the risk of loss due to the counterparty's failure to meet its contractual obligations.</p> <p>(4) Operational risk: Refers to losses incurred by the Company as a result of internal control lapses, R&D quality control and human error</p>	主任委員	陳敬亭	負責監督溫室氣體盤查小組運作。	執行秘書	趙美華	1.負責召集相關盤查委員，並組成內部查證小組。 2.設置盤查組長負責規劃公司溫室氣體相關工作並協調相關部門配合。	盤查委員	賴柏宏 何治澧 汪俊言 徐婉卿 尤万豪 蔡昀潔 簡可欣 李文毓	由各單位主管擔任，負責提供盤查組長必要之數據資料及支援。	盤查組長	李文毓	1.負責擔任各部門之主要連絡窗口。 2.負責執行盤查作業，包括數據蒐集及量化。 3.負責製作溫室氣體排放清冊及盤查報告書。	No significant difference
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Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>or mismanagement.</p> <p>(5) Legal risk: Refers to the risk of financial or goodwill loss resulting from the inability to bind the counter-party to perform its obligations in accordance with the contract due to inadequate contracts, inaccurate authorization, incomplete laws and regulations, lack of legal validity of the counter-party, or other factors.</p> <p>(6) Risk management of information systems: Information system business scope, including factory and investment companies. In order to maintain the normal operation of the business, the company has established disaster prevention and protection measures such as uninterruptible power supply system and fire-fighting in the server room. In order to reduce the risk and establish a mechanism for off-site backup, the company has built a computer room with the same function as the head office to reduce the impact of accidents.</p> <p>(7) Labor Safety and Health Risk Control: Taking into account the impact of routine and non-routine activities and statutory infections, all persons entering the workplace, including employees, contractors and visitors, are controlled. In case of significant changes in high-risk operations, environments or processes, we will evaluate and identify them before they occur, decide on the priority of risk management, and manage and control them in stages according to the evaluated risk levels; we will consider elimination, substitution, engineering control, signs/warnings and administrative control, personal protective gear, emergency response measures, and other sequential methods to reduce risks.</p> <p>(8) Natural Disasters and Climate Change: The Company shall assess the impact of natural disasters and climate change on their operations to reduce potential losses.</p> <p>(9) Other risks: The term “risk” refers to a risk that is not one of the above, but which would cause the Company to incur a significant loss.</p>	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			The Company implemented a risk management analysis and review at the end of 2020 and reported to the Board of Directors on December 14, 2020, a risk assessment analysis report on environmental, social and corporate governance issues related to the Company's operations.	
2. Has the Company conducted a risk assessment on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	V		<p>1. The Company has established a corporate social responsibility policy that has been reported to the Board of Directors on a regular and annual basis since 2019.</p> <p>2. The Company's corporate social responsibility is organized by the General Manager's Office, and the main members are department heads.</p> <p>(1) Corporate Social Responsibility Main Tasks</p> <p>A. Propose a corporate social responsibility mission or vision and formulate corporate social responsibility policies, systems or related management guidelines.</p> <p>B. Incorporate Corporate Social Responsibility into the Company's operation activities and development direction, and approve the specific promotion plan of Corporate Social Responsibility.</p> <p>C. Ensure the timeliness and accuracy of disclosure of corporate social responsibility-related information.</p> <p>(2) Additional Job Description: Regular annual reports to the Board of Directors on significant social welfare, corporate governance and corporate integrity issues</p> <p>A. July 3, 2015 The Board of Directors reported the donation of HealiAid Collagen Wound Dressing to the Ministry of Health and Welfare.</p> <p>B. The Company also donates beauty care products to beauty students from time to time each year according to the needs of the school. For example, in October 2018, Chang Gung University of Science and Technology, Hong Kong University of Science and Technology, and National Cheng Ming University of Science and Technology donated 450 boxes of the High-Efficiency Brightening and Firming</p>	No significant difference

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>Eye Cream, 3,320 boxes of the Crystal Fine Cream, and 900 boxes of the High-Efficiency Moisturizing Hyaluronic Acid Serum; in May 2019, Hong Kong University of Science and Technology and National Cheng Ming University of Science and Technology donated 500 boxes of the Crystal Fine Cleansing Milk and 700 boxes of the Purifying Cleansing Mud; in January 2020, National Cheng Ming University of Science and Technology donated 500 boxes of the Crystal Fine Water Gel and 500 boxes of the Moisturizing Mask to help develop the nation's beauty professionals.</p> <p>C. In September 2018, rescue activities such as the charity concert of Fuda Hospital were held.</p> <p>D. The status of Corporate Social Responsibility implementation was reported to the Board of Directors on December 18, 2019 and December 14, 2020.</p> <p>E. In February 2022, the Company donated intra-articular injections to Tzu Chi Hospital Taitung Guanshan Branch.</p>	
3. Environment sustainability (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		(1) The Company is in the low-pollution medical material and beauty care industry, but is gradually building an environmental management system to meet the needs of environmental protection.	No significant difference
(2) Is the company committed to improving the utilization of various resources and using recycled materials with low environmental impact?	V		(2) The Company is committed to improving the efficiency of the utilization of its resources and reducing unnecessary waste of resources. The raw material of the Company is beef tendon extracted collagen, and the related bionic products are made without causing pollution or violating the relevant environmental regulations.	No significant difference
(3) Has the Company assessed the potential risks and opportunities of climate change for the business now and in the future, and take measures to address climate related issues?	V		(3) Extreme climate change is gradually affecting the global ecosystem and human survival, and has become a "truth that has to be faced." In view of this, the Company's Management Department has set reduction targets based on the concept of sustainability and is actively promoting energy saving and carbon reduction	No significant difference

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>management measures to mitigate the possible impact of climate change on the Company and to incorporate them into the Company's overall operations so as to provide early warning and mitigate the impact of risks on the Company's operations. The main climate risks identified so far are 1. extreme weather such as typhoons and floods, which may cause production stoppages, production interruptions, transportation difficulties and supply chain breakdowns, etc. 2. Extreme changes in rainfall make it more difficult to plan the acquisition and use of water resources. 3. Rising temperatures may affect process components, leading to increased investment in equipment and higher electricity consumption. 4. Deliveries cannot be made on time or production is reduced. Etc. The Company analyzed and developed countermeasures according to the occurrence rate and impact level in order to reduce the impact of climate risks.</p>	
(4) Has the Company measured its greenhouse gas emissions, water consumption, and the total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		<p>(4) A. Annual greenhouse gas emissions, converted into carbon dioxide equivalent emissions according to the coefficient of electricity emissions, were 2,171 tons of carbon emissions in 2019; 2,114 tons in 2020; and 1,894 tons in 2021. The Lin Kou factory has introduced energy-saving computer equipment to monitor electricity, with the goal of reducing electricity costs by 1% annually.</p> <p>B. Water consumption: 14,452 kWh in 2019 (2.3 tons of carbon emissions); 20,760 kWh in 2020 (3.3 tons of carbon emissions); and 14,262 kWh in 2021 (2.2 tons of carbon emissions), with the goal of reducing water costs by 1% annually.</p> <p>C. Total waste weight: 26.5 tons in 2019; 25.5 tons in 2020; and 26.1 tons in 2021, with a 1% annual reduction target.</p> <p>The overall energy saving and carbon reduction and greenhouse gas reduction strategies are as follows:</p> <p>(a) Water conservation: The building uses water-saving facilities to reduce the</p>	No significant difference

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	Yes	No.	Summary description	
			<p>waste and consumption of water resources, such as recycling of air-conditioning condensate, controlling the amount of water discharged from faucets, sensor-activated urinal flushing and water-saving toilets.</p> <p>(2) Air conditioning system energy saving: dual-pressure chilled water mainframe, variable frequency air conditioning box, variable flow chilled water system, variable frequency cooling water tower, sand filter system, office air conditioning energy saving control.</p> <p>(3) In terms of energy saving in lighting equipment, we have strengthened the control of lighting equipment (such as turning off lights during lunch break and turning off lights manually), replaced traditional T8 lamps with T5 lamps and LED lamps, and installed induction lamps in office corridors, stairwells, parking lots, and signboard lights with time controllers to achieve energy saving.</p> <p>(4) Garbage separation and recycling: Garbage separation and resource recovery bins are set up, in response to the EPD's "toilet paper in toilet" policy, and staple toilet paper is replaced to achieve garbage reduction and resource recovery and reuse, in order to achieve the purpose of environmental cleanliness and protection.</p> <p>(5) The above-mentioned strategies and practices will be announced and implemented by all employees from time to time.</p>	
<p>4. Social welfare</p> <p>(1) Has the Company stipulated management policies and procedures in accordance with the human right-related laws and regulations and international conventions on human rights?</p>	V		<p>(1) The Company has already established the "Work Rules" in accordance with the Labor Standards Act and enforces them. In addition, to fulfill its corporate social responsibility and to protect the basic human rights of all its employees, customers and stakeholders, MBI follows the principles outlined in the United Nations Universal Declaration of Human</p>	No significant difference

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>Rights and the International Labor Organization Convention and other international human rights conventions, and respects internationally recognized basic human rights, including freedom of association, care for the disadvantaged, prohibition of child labor, elimination of all forms of forced labor, elimination of employment and employment discrimination, etc., and adheres to the labor-related laws and regulations of the company's location. The relevant human rights policies are described below:</p> <p>A. Diversity Inclusion and Equal Opportunity: the Company embraces the diversity characteristics of all employees and do not discriminate against any employee or applicant for employment on the basis of any characteristic protected by law. Including gender, color, race, ethnicity, national origin, creed, age, marital status, sexual orientation, disability, pregnancy, military service status, and political affiliation. To ensure that there is no differential treatment in employment policies, to implement fair and equitable employment, compensation and benefits, training, evaluation and promotion opportunities, and to provide an effective and appropriate grievance mechanism to avoid and respond to situations that jeopardize employees' rights and interests, and to create a working environment of equal employment and freedom from discrimination and harassment.</p> <p>B. Reasonable working hours: In order to ensure that employees do not fall into the risk of excessively long working hours, the working hours and extended working hours are clearly defined, and the attendance status of employees is regularly monitored and managed.</p> <p>C. Health and safety workplace: Comply with occupational safety and health policies, provide a safe and healthy working environment, and take necessary and effective measures to reduce the potential for hazards in the working environment as much</p>	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>as possible under feasible conditions, so as to avoid health hazards to employees at work or as a result of accidents occurring at work or work-related accidents. To avoid potential health and safety risks associated with work style, the company regularly reviews employee health and safety on an annual basis.</p> <p>D. Compliance with the law: The Company complies with the Labor Standards Act and does not employ child labor under the age of 16, nor shall it require employees to pay a deposit or deposit their identification documents at the beginning of their employment.</p> <p>E. Labor-management negotiation: Establish smooth communication channels and hold regular labor-management meetings to ensure the rights and interests of both parties.</p> <p>F. Privacy Protection: To fully protect the privacy of our customers and all stakeholders, the Company has established a comprehensive information security management mechanism and follow strict control regulations and protection measures.</p> <p>G. The Company has included a human rights risk statement in the new employee training since July 2020 and reported the status of human rights risk assessment in the risk assessment report to the Board of Directors on December 14, 2020.</p>	
(2) Does the company formulate and implement reasonable employee benefit measures (including compensation, vacations and other benefits), and is the Company's operating performance or results properly reflected in employee compensation?	V		(2) In addition to labor insurance, health insurance, pension and parental leave regulated by the law, the Company also provides annual health checkups, performance bonuses, wedding and business celebrations and consolation, group insurance for employees, and other welfare measures.	No significant difference
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education for employees	V		<p>(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education for employees regularly?</p> <p>A. The Company is committed to building a</p>	No significant difference

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
regularly?			<p>perfect environment to provide a comfortable, safe and healthy workplace environment for our employees, including the implementation of necessary access control measures, regular labor safety training, comprehensive indoor non-smoking and related education and training.</p> <p>B. The Company holds at least two fire drills every year and all employees are required to receive practical fire training every year to ensure a safe and healthy working environment for our employees.</p> <p>C. In accordance with the law, the Company participates in labor insurance, universal health insurance and group insurance, and conduct regular employee health checkups for employee health.</p> <p>D. The Company has set up an employee welfare committee to hold various welfare activities and organize employee trips to promote physical, mental and spiritual health and bring colleagues closer together. In addition, free employee health checkups are held regularly every year to maintain the physical and mental health of our employees.</p> <p>F. The Company holds quarterly labor-management meetings to provide a channel of communication between the Company and its employees. In addition, the Chairman and the General Manager will call on employees from time to time to explain the Company's operations and future direction.</p>	
(4) Has the Company established an effective career ability development program for the employees?	V		<p>(4) Training courses are held from time to time to meet the Company's objectives and to enrich the knowledge of employees, managers and directors. The Company also provides external training to enhance the professional competence of our staff, managers and directors. The succession plan for members of the Board of Directors and key management personnel of the Company is described below:</p> <p>A. Board of Directors:</p> <p>(a) Unless otherwise provided by law or the Articles of Incorporation, the election of directors of the Company shall be</p>	No significant difference

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>conducted in accordance with the Company's method of election of directors, taking into account the overall configuration and diversity of the Board of Directors and the results of performance evaluation, and adjusting the composition of the members in a timely manner. In addition, in the planning of the succession plan, the successor must meet the standards required by the company and have the ability to perform the duties.</p> <p>(b) Among the officers present at the Company's Board of Directors, General Manager Ching-Ting Chen met the criteria for directorship and became a director in December 2021.</p> <p>(c) The Directors of the Company are professional industrial and academic leaders with experience in corporate management practices of listed companies or in management positions in government agencies, and are equipped with leadership and decision making, crisis management and international market perspectives.</p> <p>B. Key Management:</p> <p>(a) The Company's succession plan for key management personnel focuses on the cultivation of a talent pool, identifying employees with high potential and providing a comprehensive education and training system and promotion pipeline to provide continuous improvement and development opportunities to meet the future succession needs of key management personnel.</p> <p>(b) In addition to internal training, the Company also encourages employees to participate in external training to improve their professional ability.</p> <p>(c) The management of the Company is organized in a hierarchical manner, with senior and middle-level supervisors in each department. All employees have</p>	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>completed job descriptions and have been assigned job agents for training and development. In addition, the Company rotates key personnel according to the development strategy to facilitate the succession of talents. In addition, the employee performance appraisal is carried out every six months, and the evaluation of the supervisor at the assistant manager level or above is:</p> <ol style="list-style-type: none"> 1) Departmental Achievement Rate (30 points) 2) Annual Goal Plan/Execution (30 points) 3) Decision-making and problem-handling skills (20 points) 4) Innovation/change skills (10 points) 5) Lead/authorize the use of human resources (10 points) <p>(d) In terms of the succession of the General Manager, senior executives can understand the areas for improvement and their personal expectations through the above evaluation, and the results are used as a reference for the succession planning of the General Manager. In recent years, Bo-Hong Lai was promoted to Deputy General Manager, Shu-Fang Xiong was promoted to Deputy General Manager, and Wen-Yu Li was promoted to Associate and Supervisor of the business department.</p>	
(5) Does the Company comply with relevant laws and regulations and international standards in terms of the marketing and labeling of its products and services?	V		(5) The Company has a customer service unit and a telephone line, and dedicated staff to handle related issues. The marketing and labeling of our products and services are in accordance with relevant laws and regulations and international standards. The Company is a GMP and ISO manufacturer, and has a supplier evaluation and management system for suppliers, and follow relevant regulations in environmental protection, safety and hygiene issues, and work together to improve corporate social responsibility in management.	
(6) Has the Company formulated supplier management policies	V		(6) The Company establishes partnerships with suppliers based on the principle of equality and	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
that require suppliers to follow regulations related to environmental protection, occupational safety and health or labor rights, and ensured their implementation?			<p>reciprocity to build a stable supply chain, and communicate fully to create a mutually beneficial win-win situation. In addition to the quality of the products purchased, the Company attaches more importance to the social responsibility of suppliers and passed the Supplier Social Responsibility Law in September 2019, with the following requirements:</p> <p>A. Vendor implementation policy</p> <p>(a) The Company focuses cooperation with suppliers and, if necessary, through interviews, questionnaires, education and training to understand the suppliers' awareness of social responsibility and the results of implementation.</p> <p>(b) The Company considers the legal requirements, industrial characteristics, geographical environment, operating conditions, employee structure and organization size of the supplier's location and encourage joint efforts to fulfill social responsibility.</p> <p>(c) When the Company enters into a contract with a major supplier, the content of the contract may include compliance with the CSR policy of both parties, and if the supplier is involved in a violation of the policy that has a significant impact on the environment and society in the community where the supply is made, the supplier must propose an improvement plan, and if no improvement can be made or if the situation is significant, the supplier may propose a termination or cancellation clause.</p> <p>B. The Company shall consider the following labor issues when selecting a vendor:</p> <p>(a) Prohibition of child labor.</p> <p>(b) Prohibition of forced labor.</p> <p>(c) Hours of work and pay should be in accordance with local laws and regulations.</p> <p>(d) Prohibition of any form of discrimination.</p>	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>(e) Respect freedom of association and negotiation.</p> <p>(f) Relevant health and safety issues are regulated.</p> <p>C. Labor Health and Safety Suppliers shall undertake to abide by labor safety and health regulations and other relevant laws, and agree to unconditionally abide by the relevant contractor safety, health and environmental management measures formulated by the Company.</p> <p>D. Environment Protection</p> <p>(a) The Company shall evaluate the environmental and social impacts of its procurement practices on the communities from which it supplies, and urge suppliers to work together to implement corporate social responsibility.</p> <p>(b) Suppliers shall strive to reduce or eliminate all forms of waste, including water and energy. Suppliers may use energy-saving measures in equipment, maintenance or production processes, or achieve energy savings through recycling, reuse or substitution of materials.</p> <p>(c) Suppliers shall strive to reduce emissions of pollutants, toxins and wastes and shall dispose of wastes properly. The disposal of waste should be in accordance with the relevant regulations to reduce the impact on the natural environment.</p> <p>E. Integrity Management Ethics</p> <p>(a) The Company shall comply with the Integrity Management Code and the Integrity Procedures and Conduct Guidelines, and shall consider the ethical standards of suppliers when selecting suppliers, including but not limited to integrity, fair trade, open information and avoidance of improper earnings and false advertising, and compliance with intellectual property rights related regulations.</p> <p>(b) when entering into a contract with a</p>	

Item	Operation Status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefor.
	Yes	No.	Summary description	
			<p>supplier, both parties shall operate in good faith and conduct transactions in an open and transparent manner. If one party is involved in dishonest acts and the circumstances are so significant that the contract cannot be performed, the other party may terminate or cancel the contract at any time.</p> <p>(c) In 2020, new suppliers will be required to sign a total of eight social responsibility pledges, and from 2021, contracts with major suppliers will be planned to incorporate social responsibility clauses and suppliers will perform Corporate Social Responsibility self-assessment surveys.</p>	
5. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the Company, such as sustainability reports? Has the previous disclosure report been verified or the verification opinion of a third-party verification unit?		V	The Company expects to prepare corporate social responsibility reports and other reports disclosing non-financial information in accordance with international standards or guidelines for the preparation of reports starting in 2022.	No significant difference
6. If the Company has its own code of conduct for sustainable development in accordance with the “Code of Conduct for Sustainable Development of Listed Companies,” please state the differences between its operation and the code: A Corporate Sustainable Responsibility policy has been established, and it has been implemented in accordance with the order, and there are no differences.				
7. Other important information to help understand the implementation of promoting sustainable development: Our company uses collagen and hyaluronic acid extracted from cow tendons as raw materials and makes related products without violating relevant environmental regulations.				

(6) Performance of honest business practices and discrepancies with the Code of Honest Business Practices of listed and listed companies and the reasons therefor:

Item	Operation Status			Differences from the Code of Conduct for Integrity of Listed Companies and Reasons
	Yes	No.	Summary description	
<p>1. Establishing integrity management policies and programs</p> <p>(1) Has the Company explicitly declared the ethical management policy and method in the Articles of Incorporation and external documents as well as the commitment of the Board of Directors and the management to actively implement the operating policies?</p> <p>(2) Has the Company adopted preventive measures in response to Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or preventive measures for business activities within their business scope which are at a higher risk of being involved in unethical conduct?</p> <p>(3) Has the Company stipulated the prevention programs to forestall unethical conduct and specified in the programs the operational procedures, guidelines, and punishments and the grievance system and implemented the programs?</p>	V		<p>(1) The Company has established the “Code of Conduct for Integrity Management” and the “Code of Conduct for Integrity Management”, as well as a code of conduct for employees to express the policy of integrity management, which stipulates that employees shall not use their official position to obtain unlawful benefits and accept hospitality, gifts, kickbacks, embezzlement of public funds or other unlawful benefits, in the hope of eliminating dishonest behaviors that affect business relationships or transactions.</p> <p>(2) The Company has established the “Code of Conduct for Integrity Management” and the “Code of Conduct and Procedures for Integrity Management” as well as the Code of Conduct for Employees to regulate the behavior of employees and to conduct orientation and training for new employees. At the same time, the Company will establish a risk prevention process and report the implementation status on a regular basis.</p> <p>(3) To prevent dishonest behavior, the Company has established the “Code of Conduct for Integrity” and the “Procedures and Conduct Guidelines for Integrity,” which specify the ethical standards that employees should follow when engaging in any business activities.</p>	No significant difference
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the integrity record of the counterparty and clearly stipulate the terms of integrity in the contract signed with the counterparty?</p> <p>(2) Has the Company set up a dedicated unit affiliated to the Board of Directors to promote ethical corporate management, which regularly (at least once a</p>	V		<p>(1) Before entering into formal trading activities with business partners, the Company conducts various assessments, including integrity, to avoid trading with those with a record of dishonest behavior, and the relevant contracts are integrated into the integrity management.</p> <p>(2) The Company’s General Manager’s Office, whose main members are the managers of the business department, promote integrity management. The “Code of Conduct for Integrity Management” and “Procedures and</p>	No significant difference

Item	Operation Status			Differences from the Code of Conduct for Integrity of Listed Companies and Reasons
	Yes	No.	Summary description	
year) reports its implementation to the board of directors?			Guidelines for Integrity Management” have been established internally, and the “Code of Conduct for Integrity Management” and “Procedures and Guidelines for Integrity Management” were amended by the Board of Directors on March 27, 2020 to provide a basis for the implementation of integrity management. The Company has reported to the Board of Directors annually on the implementation of integrity management since 2019. The implementation of integrity management in 2019 was reported on December 18, 2019 and the implementation of integrity management in 2020 was reported to the Board of Directors on December 14, 2020.	
(3) Has the Company developed policies to prevent conflicts of interest, provided adequate channels for communication and implemented the policies?	V		(3) The Company provides various channels so that colleagues can provide information at any time, and regular reports on the operation status are compiled by specialists.	
(4) Has the Company established effective accounting systems and internal control systems to implement ethical management; also, have audits been performed by the internal audit unit on a regular basis or by the commission CPAs?	V		(4) The Company requires its employees to comply with the Company Act, the Securities and Exchange Act, the Political Contribution Act, the Corruption Control Act, the Government Procurement Act, and the relevant internal regulations on auditing and internal control and shall comply with the “Code of Conduct for Integrity Management” and the “Procedures and Conduct Guidelines for Integrity Management” as the basis for the implementation of integrity management.	
(5) Does the Company regularly organize internal and external education and training programs on ethical management?	V		(5) In 2020, internal and external education and training courses and related work of integrity management. A. On November 09, 2020, the Company invited a professional prosecutor to the Company for a 6-hour training session for 18 directors and managers on “Analysis of Non-Conventional Trading by Directors and Supervisors, Insider Trading and Introduction to the Trade Secrets Act.” B. Integrity management has been included in the training for new recruits since December 2020. C. A total of 16 copies of the “Statement of Integrity” were signed by new directors and incumbent managers in 2020.	

Item	Operation Status			Differences from the Code of Conduct for Integrity of Listed Companies and Reasons
	Yes	No.	Summary description	
			D. Since 2020, the Company has incorporated integrity into 21 contracts with new customers and vendors, and has amended 10 existing public contracts (including employment contracts to incorporate integrity provisions).	
<p>3. The operation of the Company’s whistleblowing system</p> <p>(1) Has the Company formulated a specific reporting and reward system, established convenient whistleblowing channels, and assigned appropriate persons in charge of handling the whistleblowing case according to the subject?</p> <p>(2) Has the Company established the standard operating procedures for whistleblowing investigations, the follow-up measures to be taken after the investigations are completed, and the relevant confidentiality mechanism?</p> <p>(3) Has the Company taken measures to protect the whistleblowers from improper treatment due to the whistleblowing?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) The Company provides a whistleblower mailbox and related disciplinary measures for violations, and reviews and revises them from time to time.</p> <p>(2) The Company's "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Behavior" clearly stipulate that the procedures are clear and that the parties involved should be treated in a confidential manner.</p> <p>(3) The Company has an open attitude to encourage employees to report misconduct, and to protect whistleblowers by providing anonymous reporting through a dedicated mailbox.</p>	No significant difference
<p>4. Enhancement of information disclosure</p> <p>Has the company disclosed on its website and MOPS the content of the Ethical Corporate Management Best Practice Principles and implementation results?</p>	V		<p>(1) The Company has set up a website and are actively planning to include financial operations and corporate governance information on the website.</p> <p>(2) The Company has a person responsible for the collection of disclosure information and the implementation of the spokesperson system.</p>	No significant difference
<p>5. If the Company has stipulated the “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Management Best-Practice Principles for TWSE/TAPEX Listed Companies,” please state its deviation from the “Ethical Management Best-Practice Principles for TWSE/TAPEX Listed Companies” in operation :</p> <p>In accordance with the “Code of Conduct for Integrity in Listed Companies,” the Company has its own Code of Conduct for Integrity in Management and informs all employees during employee education and training. 1. Integrity in Management: (1) Avoid conflicts of interest arising from personal work and dealings with suppliers, customers and others. 2. No illegitimate gains: (1) All colleagues are not allowed to obtain benefits through improper means. (2) Bribery of any form is prohibited. (3) Before accepting a gift or hospitality, all employees must submit it to the department head for approval beforehand.</p>				
<p>6. Other important information helpful understanding the ethical management operation:(For example, reviews and revision of the Company’s Ethical Corporate Management Best Practice Principles)</p>				

Item	Operation Status			Differences from the Code of Conduct for Integrity of Listed Companies and Reasons
	Yes	No.	Summary description	
The Company pays attention to the development of domestic and foreign integrity management related regulations at all times, and reviews and improves the Company's integrity management policies to enhance the effectiveness of the Company's integrity management.				

(7) The Company has the corporate governance Best-Practice Principle and the related inquiries established: The Company has established a code of corporate governance and related regulations, which are available on the Company's website.

(8) Other important information helpful in understanding the corporate governance operation: None.

(9) The implementation of the internal control system

A. Statement of Internal Control System: Please refer to page 46.

B. If a CPA is commissioned to review the internal control system specifically, the review report should be disclosed: None.

(10) The Company and its internal staff being punished lawfully, the punishment given by the Company to the violators of internal control system, major nonconformity, and the improvement in the most recent year and up to the publication of the annual report: None.

Maxigen Biotech Inc.
Statement of Internal Control System

Date: March 21, 2022

Based on the findings of a self-assessment, Maxigen Biotech Inc. (MBI) states the following with regard to its internal control system during the year 2021:

1. MBI's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system, and MBI has established such a system. Our internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
2. An internal control system has its inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishment of the objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to circumstances beyond control. Nevertheless, the internal control system of MBI contains self-monitoring mechanisms, and MBI takes actions in response to any identified deficiencies.
3. MBI evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the Regulations"). The criteria adopted by the Regulations identify five components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details. Each component consists of a number of items. Please refer to the Regulations for the aforementioned items.
4. MBI has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, MBI believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that included the supervision and management of subsidiaries), to provide reasonable assurance over operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of MBI's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting on March 21, 2021, with all of the seven attending directors all affirming the content of this Statement.

Maxigen Biotech Inc.

Chairman: Yung-Hsiang Li (Signature)

General Manager: Ching-Ting Chen (Signature)

(11) The material resolutions reached in the shareholders' meeting and board meeting in the most recent year and up to the publication of the annual report:

A. Important Resolutions Reached in the Shareholders' Meeting

Meeting Category	Meeting Date	Important Resolution	Result	Implementation
Shareholder Meeting	2021.7.12	1. Adoption of the 2019 business report and financial statements	After consultation with all shareholders present, the Chairman approved the proposal without any objection.	Not applicable.
		2. Adoption of the proposal for distribution of 2020 profits		(1) Cash dividends of NT\$56,266,650 or NT\$0.81 per share on common shares.
		3. Amendments to the Articles of Incorporation.		Operate in accordance with the revised method.
		4. Amendments to the "Rules of Procedure of the Shareholders' Meeting."		Operate in accordance with the revised method.
		5. amendments to the "Measures for the Election of Directors."		Operate in accordance with the revised method.
		6. Handling of private placements of securities.		Operate in accordance with the revised method.
		7. Comprehensive re-election of directors		Not applicable.
		8. Removal of Non-Competition Restrictions for Directors and Their Representatives.		Not applicable.

B. Significant resolutions of the Board of Directors for the latest year and up to the date of publishing of the annual report

Meeting Date	Category	Important Resolutions of the Board of Directors
2021 8th meeting 2021.06.18	Board of Directors	Proposal 1: In response to the pandemic, the Company has changed the date of the Annual General Meeting of Shareholders in 2021.
2021 1st meeting 2021.07.12	Board of Directors	Proposal 1: Election of the 10th Chairman of the Company. Proposal 2: Election of the 5th members of the Remuneration Committee of the Company.
2021 2 nd meeting 2021.07.27	Board of Directors	Proposal 1: The Company's first employee stock option issue and stock option plan for 2021. Proposal 2: The Company is engaged in a private placement of common stock at the target and price of the offering and related matters. Proposal 3: The Company intends to change the accounting firm and the certified public accountant. Proposal 4: The Company's accounting fees. Proposal 5: Amendments to the Company's "Table of Approval Authority." Proposal 6: Proposed new bill on the management of the Company's remuneration to directors. Proposal 7: Adjustment of the remuneration of the directors and independent directors of the Company from 2021 onwards.
2021 3 rd meeting 2021.09.13	Board of Directors	Proposal 1: The change of the General Manager of the Company. Proposal 2: The change of the spokesperson of the Company. Proposal 3: Removal of Non-Competition Restrictions for the new Manager. Proposal 4: Additions to the Company's "Nominating Committee Organizational Procedures." Proposal 5: Election of Members of the First Nomination Committee of the Company
2021 4th meeting 2021.11.03	Board of Directors	Proposal 1: New Manager of the Company. Proposal 2: The Company intends to cancel its overseas subsidiaries. Proposal 3: Amendment to the Company's 1st Employee Stock Option Issue and Stock Option Regulations for 2021. Proposal 4: It is proposed to issue 3,400 units (3,400,000 shares) of employee stock warrants in accordance with the revised "1st Employee Stock Option Issuance and Stock Purchase Plan for 2021." Proposal 5: The new appointment of the Supervisor of Corporate Governance.

2021 5th meeting 2021.12.30	Board of Directors	<p>Proposal 1: The Company's Operating Plan and Budget for 2022.</p> <p>Proposal 2: The Company's 2022 Audit Plan.</p> <p>Proposal 3: Draft the Company's risk management measures.</p> <p>Proposal 4: Drafting and formulating regulations on the appointment, dismissal, evaluation, and remuneration of internal auditors.</p> <p>Proposal 5: Amendments to the Company's "Measures for the Performance Evaluation of the Board of Directors."</p> <p>Proposal 6: Appointment of the Company's Audit Supervisor.</p> <p>Proposal 7: Adjustment of the Company's manager's salary related matters.</p> <p>Proposal 8: The Company's 2021 annual manager year-end bonus payment.</p>
2022 1st meeting 2022.03.21	Board of Directors	<p>Proposal 1: Adoption of the 2021 business report and financial statements.</p> <p>Proposal 2: Adoption of the proposal for distribution of 2021 profits.</p> <p>Proposal 3: Converting surplus into capital and issuing new shares in 2022.</p> <p>Proposal 4: Amendments to the "Operational Procedures for Acquisition or Disposal of Assets."</p> <p>Proposal 5: Financial reports CPA's representation fees and Independence Assessment.</p> <p>Proposal 6: The Company's Internal Control System Statement.</p> <p>Proposal 7: Amendment to the Articles of Incorporation.</p> <p>Proposal 8: Election of directors.</p> <p>Proposal 9: Planning of the date, place and reason for the meeting of The Company's 2022 shareholders meeting</p> <p>Proposal 10: The Company's 2021 distribution of employees' and directors' remuneration.</p>
2022 2nd meeting 2022.05.03		<p>Proposal 1: Change and remuneration of the Supervisor of finance and accounting of the Company.</p> <p>Proposal 2: Nomination of candidates for directors.</p> <p>Proposal 3: Explanation of the Company's 2021 distribution of director's and employee remuneration.</p> <p>Proposal 4: Drafting and formulating remuneration plans for directors and managers.</p> <p>Proposal 5: Increase the number of members of the Nomination Committee.</p> <p>Proposal 6: Establishment of a Risk Management Committee.</p> <p>Proposal 7: Amendment of the Company's internal control system and management system.</p> <p>Proposal 8: Planning of the Company's greenhouse gas inventory schedule.</p>

(12) The contents of the Board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing in the most recent year or up to the publication of the annual report: None.

(13) Summary table of resignation and dismissal of the Company's Chairman, General Manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor in the most recent year and as of the publication date of the annual report:

General Manager Sung-Chin Chen resigned on September 13, 2021.

Si-Pei Liu Supervisor of Internal Audit resigned on September 13, 2021.

5. Information Regarding the Company's CPA Audit Fee

Unit: NT\$ thousand

CPA Firm	Name of CPAs	Audit Period	Audit fees	Non-audit fee	Total	Notes
Deloitte Taiwan	Shu-Lin Liu	January 1, 2021 - June 30, 2021	1,100	0	1,100	
	Wen-Ya Xu					
PwC Taiwan	Ming-Chuan Hsu	July 1, 2021 - December 31, 2021	1,650	100	1,750	Employee stock option public fee
	Ping-Chun Chih					

6. Replacement of CPAs

(1) Information on former CPA

Replacement date	November 7, 2018 (Resolution made by the Board of Directors)		
Replacement cause and explanation	Due to business and management needs, the company will voluntarily terminate the appointment of the original certified accountant, and from the third quarter of 2011, it will be replaced by Deloitte Taiwan to PwC Taiwan.		
A statement is the termination or non-acceptance of the appointment by the CPA	Signatory	CPA	Appointee
	Situation		
	Proactive termination of appointment	-	V
	No further appointments will be accepted (continued)	-	-
Comments and reasons for issuing audit reports other than unqualified opinions within the last two years	None		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Check scope or steps
			Other
	None	V	
	Description		
Other Disclosure Matters (Items 1-4 to 1-7 of Article 10, Paragraph 6 of these Guidelines should be disclosed)	None		

(2) Successor CPA

Firm name	PwC Taiwan
CPA name	Ming-Chuan Hsu, Ping-Chun Chih
Appointed Date:	July 27, 2021 (resolution made by the Board of Directors)
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None
Written opinion of the successor accountant on matters of disagreement of the former accountant	None

(3) Reply letter from the former accountant on the items 1 and 2 of Article 10, paragraph 6 of this standard: None

7. The Company's Chairman, President, and Finance or Accounting Officer have held a position in the independent accounting firm or its affiliates over the past year: None.

8. Changes in the shares held and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report

(1) Shareholding changes of directors, supervisors, managers and major shareholders:

Unit: Share

Title	Name	2021		As of March 31, 2021	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	TCI Co., Ltd.	—	—	—	—
	TCI Co., Ltd. Authorized Representative: Yung-Hsiang Lin	—	—	183,000	—
Chairman	Global Investment Holdings (Note 1)	3,068,000	1,600,000	—	—
	Global Investment Holdings Representative Li-De Hsu (Note 1)	—	—	—	—
Director	TCI Co., Ltd.	—	—	—	—
	TCI Co., Ltd. Authorized Representative: Ching-Ting Chen	—	—	—	—
Director	TCI Co., Ltd.	—	—	—	—
	TCI Co., Ltd. Authorized Representative: Chen-Chen Fu	—	—	—	—
Director	TCI Co., Ltd.	—	—	—	—
	TCI Co., Ltd. Authorized Representative: Cheng-Chia Huang (Note 2)	—	—	—	—
Director	Global Investment Holdings (Note 3)	3,068,000	1,600,000	—	—
	Global Investment Holdings Representative: Shui-Chuan Tai (Note 3)	—	—	—	—
Director	CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	—	1,089,939	—	—
	China Investment & Development Representative Tsiu-Yuan Li	—	—	—	—
Director	CHINA INVESTMENT AND DEVELOPMENT CO., LTD. (Note 4)	—	1,089,939	—	—
	China Investment & Development Representative Sung-Chin Chen (Note 4)	—	—	—	—
Director	Global Investment Holdings (Note 5)	764,767	—	—	—
	Global Investment Holdings Authorized Representative: Tsang-Pang Chang (Note 5)	—	—	—	—
Director	Li-Yan Chang	—	—	—	—
Independent Director	Sung-Yuan Liao	—	—	—	—
Independent Director	Shih-Ming Li	—	—	—	—
Independent Director	Chung-Ming Tseng	—	—	—	—
Independent Director	Shi-Hsiung Tung (Note 6)	—	—	—	—
Independent Director	Tang-Si Tang (Note 7)	—	—	—	—

Title	Name	2021		As of March 31, 2021	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Independent Director	Shao-Long Chen (Note 8)	—	—	—	—
General Manager	Ching-Ting Chen	—	—	—	—
General Manager	Sung-Chin Chen	—	—	—	—
Deputy General Manager	Bo-Hong Lai	—	—	—	—
Deputy General Manager	Shu-Fang Xiong (Note 9)	—	—	—	—
Deputy General Manager	Zhi-Yi Xu (Note 10)	—	—	—	—
Supervisor of accounting and financing	Yi-Huan You (Note 11)	—	—	—	—
Associate	Wen-Yu Li	—	—	—	—
Major shareholder	TCI Co., Ltd.	12,792,881	—	12,792,881	—

Note 1: Dismissal on July 12, 2021

Note 2: Dismissal on November 3, 2021

Note 3: Dismissal on July 12, 2021

Note 4: Dismissal on July 12, 2021

Note 5: Dismissal on April 23, 2021

Note 6: Dismissal on July 12, 2021

Note 7: Dismissal on May 15, 2021

Note 8: Dismissal on July 12, 2021

Note 9: Dismissal on March 19, 2021

Note 10: Dismissal on November 5, 2021

Note 11: Dismissal on March 3, 2022

(2) The counterparty of the equity transfer is a related party: None.

9. The top-10 shareholders who are the spouses or relatives within the two degree of kinship to each other

Unit: Share April 22, 2022

Name	Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top 10 Shareholders, or Spouses or Relatives Within the Two Degree of Kinship		Notes
	Shares	Shares held %	Shares	Shares held %	Shares	Shares held %	Name	Relationship	
TCI Co., Ltd.	17,579,881	22.83%	—	—	—	—	—	—	—
Formosa Biomedical Technology Corp.	7,534,235	9.78%	—	—	—	—	—	—	—
NuVasive, Inc., USA	4,120,000	5.35%	—	—	—	—	—	—	—
Jing-Song Chen	3,477,000	4.52%	—	—	—	—	—	—	—
Global Investment Holdings	3,048,061	3.96%	—	—	—	—	GRAND CATHAY VENTURE CAPITAL CO., LTD., CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	Same authorized personnel	—
Qiang-Sen Zhang	2,159,000	2.80%	—	—	—	—	—	—	—
GRAND CATHAY VENTURE CAPITAL CO., LTD.	2,112,971	2.74%	—	—	—	—	Global Investment Holdings, CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	Same authorized personnel	—
CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	1,191,939	1.55%	—	—	—	—	Global Investment Holdings, GRAND CATHAY VENTURE CAPITAL CO., LTD.	Same authorized personnel	—
Bing-Zhang Zhang	800,000	1.04%	—	—	—	—	—	—	—
Jin-Lian Li	722,245	0.94%	—	—	—	—	—	—	—

10. The shares of the invested company held by the Company, the Company’s directors, supervisors, managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio

As of December 31, 2020 Unit: Share / %

Affiliated Enterprises	Investment by MBI		Investment by MBI’s Directors, Supervisors, Managers and its directly or indirectly controlled business		Total Investment	
	Shares	%	Shares	%	Shares	%
Maxigen Biotech International Investment Corporation Limited	2,230,000	100%	-	-	2,230,000	100%
Dingshi Trade (Shanghai) Limited Co. (Note 1)	-	100%	-	-	-	100%
TaiRx, Inc. (Note 2)	500,000	100%	-	-	500,000	100%

Note 1: The Company’s indirect investment in Mainland China is in the form of a limited liability company with no shares.

Note 2: Newly established on July 2017.

IV. Business Capitalization

1. Capital and Shares

(1) Capitalization

A. Equity formation

Unit: Thousand shares; NT\$ thousand

Year/ Month	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Notes		
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others
1998/12	10	30,000	300,000	10,000	100,000	Establish	—	—
2000/03	10	30,000	300,000	19,800	198,000	Capitalization by Cash 98,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-089114639 received on May 11, 2000.
2002/07	13	30,000	300,000	26,000	260,000	Capitalization by Cash 62,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-0911308790 received on August 12, 2002.
2003/12	15	40,000	400,000	30,000	300,000	Capitalization by Cash 40,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-09233233950 received on December 31, 2003
2006/12	10	40,000	400,000	37,000	370,000	Capitalization by Cash 70,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-09631567820 received on January 17, 2007.
2007/05	16	60,000	600,000	41,120	411,200	Capitalization by Cash 41,200	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-09632228870 received on June 6, 2007.
2010/02	20	60,000	600,000	50,120	501,200	Capitalization by Cash 90,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-09901049980 received on March 19, 2010.
2011/09	10	60,000	600,000	50,306	503,600	Employee stock option of NT\$1,860	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10001213260 received on September 14, 2011.
2011/12	10	60,000	600,000	50,620	506,200	Employee stock option of NT\$3,140	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10001294180 received on December 30, 2011.
2012/02	10	60,000	600,000	50,814	508,140	Employee stock option of NT\$1,940	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10101015680 received on February 3, 2012.
2012/07	10	60,000	600,000	50,982	509,820	Employee stock option of NT\$1,680	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10101131590 received on July 12, 2011.
2012/11	10	60,000	600,000	51,281	512,810	Employee stock option of NT\$2,990	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10101237920 received on November 15, 2012.
2013/04	22.5	100,000	1,000,000	61,281	612,810	Capitalization by Cash 100,000	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10201061770 received on April 11, 2013.
2013/04	10	100,000	1,000,000	62,054	620,540	Employee stock option of NT\$7,30	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10201061770 received on April 11, 2013.
2013/04	10	100,000	1,000,000	62,106	621,060	Employee stock option of NT\$520	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce- Department-10201095770 received on May 27, 2013.

Year/ Month	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Notes		
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others
2013/08	10	100,000	1,000,000	62,294	622,940	Employee stock option NT\$1,880	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10201171330 received on August 20, 2013.
2014/01	35	100,000	1,000,000	70,084	700,840	Capitalization by Cash 77,900	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10301000640 received on January 1, 2014.
2014/11	18.7	100,000	1,000,000	70,349	703,490	Employee stock option NT\$2,650	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10301238900 received on November 19, 2014.
2015/03	18.7	100,000	1,000,000	70,464	704,640	Employee stock option NT\$1,150	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10401035200 received on March 17, 2015.
2015/05	18.7	100,000	1,000,000	70,837	708,370	Employee stock option NT\$3,730	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10401097100 received on May 21, 2015.
	23.7							
2015/08	23.7	100,000	1,000,000	70,847	708,470	Employee stock option NT\$100	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10401183860 received on August 26, 2015.
2015/11	27.1225	100,000	1,000,000	78,757	787,570	Private placement convertible preferred stock of \$79,100	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10401251100 received on November 27, 2015.
2019/04	-	100,000	1,000,000	77,375	773,750	Cancellation of treasury shares NT\$13,820	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801045500 received on April 18, 2019.
2020/02	-	100,000	1,000,000	69,465	694,650	Cancellation of private equity share NT\$79,100	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901018570 received on February 2, 2020.
2021/09	-	100,000	1,000,000	76,999	769,990	Private equity NT\$75,342	—	The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11001152840 received on September 10, 2021.

B. Share type

Unit: Share April 22, 2022

Share type	Authorized Capital			Notes
	Issued shares	Unissued shares	Total	
Common stock	76,999,235	23,000,765	100,000,000	Listed company shares
Preferred stock	-	-	-	-
Total	76,999,235	23,000,765	100,000,000	

(2) Composition of Shareholders

Unit: Share April 22, 2022

Structure of Shareholder Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Institutions & Individuals	Total
Number of shareholders	—	—	139	18,176	26	18,341
Total shares owned	—	—	33,559,783	38,550,845	4,888,607	76,999,235
Shareholding Percentage	—	—	43.58%	50.07%	6.35%	100%

(3) Distribution Profile of Share Ownership

April 22, 2022

Shareholder Ownership (Shares)	Number of Shareholders	Ownership	Ownership (%)
1 to 999	14,082	64,309	0.08%
1,000 to 5,000	3,380	6,711,138	8.72%
5,001 to 10,000	435	3,532,970	4.59%
10,001 to 15,000	123	1,609,317	2.09%
15,001 to 20,000	76	1,421,001	1.85%
20,001 to 30,000	73	1,911,864	2.48%
30,001 to 40,000	35	1,286,150	1.67%
40,001 to 50,000	24	1,126,000	1.46%
50,001 to 100,000	48	3,482,829	4.52%
100,001 to 200,000	30	4,448,368	5.78%
200,001 to 400,000	18	4,824,634	6.27%
400,001 to 600,000	5	2,562,263	3.33%
600,001 to 800,000	4	2,795,305	3.63%
800,001 to 1,000,000	0	0	0%
Over 1,000,001	8	41,223,087	53.53%
Total	18,341	76,999,235	100%

(4) List of major shareholders

Unit: Share April 22, 2022

Name	Shares	Current Shareholding	%
TCI Co., Ltd.		17,579,881	22.83%
Formosa Biomedical Technology Corp.		7,534,235	9.78%
NuVasive, Inc., USA		4,120,000	5.35%
Jing-Song Chen		3,477,000	4.52%
Global Investment Holdings		3,048,061	3.96%
Qiang-Sen Zhang		2,159,000	2.80%
GRAND CATHAY VENTURE CAPITAL CO., LTD.		2,112,971	2.74%
CHINA INVESTMENT AND DEVELOPMENT CO., LTD.		1,191,939	1.55%
Bing-Zhang Zhang		800,000	1.04%
Jin-Lian Li		722,245	0.94%

(5) Market Price, Net Worth, Earnings, and Dividends of Per Share within 2 Years

Unit: NT\$; 1,000 shares

Item		Year	2020	2021	2022 (As of March 31)
		Market Price per Share	High		35.10
Low			12.60	22.20	38.30
Average			24.04	42.87	44.07
Net Worth per Share (Note 2)	Before distribution		12.38	14.83	-
	After distribution		11.57	Note 1	-
Earnings per Share	Weighted Average Shares		69,465	72,520	76,999
	Earnings per Shares		0.91	1.21	-
Dividend per share	Cash dividend		0.73	-	-
	Stock dividend	Stock Dividend from Retained Earnings	-	Note 1	-
		Stock Dividend from Paid-In Capital	-	-	-
	Accumulative Unpaid Dividend		-	-	-
Return on Investment Analysis	Price Earnings Ratio (Note 2)		26.42	35.43	-
	Price to Dividend Ratio (Note 3)		32.93	-	-
	Cash Dividend Yield Ratio (Note 4)		3.04%	-	-

Note 1: To be finalized upon the resolution of the shareholders' meeting.

Note 2: Price earnings ratio = Average closing price 24.04 / earnings per share

Note 3: Price to cash dividend Ratio = Average closing price 24.04/ cash dividend per share

Note 4: Cash dividend yield Ratio = Cash dividend per share / average closing price

(6) Company dividend policy and implementation

A. Dividend policy as set out in the Articles of Incorporation:

If the Company's annual final accounts have net profit after tax, they should first pay taxes to make up for past losses, and set a 10% of their balance as statutory surplus reserve, but the statutory surplus accumulation has reached the Company. When the total amount of capital is exceeded, this is not the limit. The special surplus reserve is proposed or reversed in accordance with the relevant laws and regulations. If there is a balance, and the available-distributed surplus calculated from the undistributed surplus at the beginning of the period, the Board of Directors proposes a surplus distribution case, which is distributed after the resolution of the shareholders' meeting.

The Company is a technology and capital-intensive business and is in a growth phase. In order to meet the Company's long-term capital planning for sustainable operation and stable growth, the dividend policy is to adopt a residual dividend policy.

The amount of dividends to shareholders shall be at least 50% of the current year's net income, after setting aside all the reserves required by law. Under the principle of balanced dividends, undistributed earnings from prior years may be used to offset any shortfall in the current year's net income after tax. Dividends are paid primarily in consideration of the Company's future expansion plans and cash flow requirements, with at least 50% stock dividends and a portion of cash dividends.

The types and percentages of the appropriation of earnings may be adjusted by a resolution of the shareholders' meeting, depending on the actual profit and capital situation of the year.

- B. The proposed dividend distribution of the shareholders meeting (approved by the Board of Directors and not yet approved by the Shareholders' Meeting):

On March 22, 2021, the Board of Directors approved the following distribution of earnings for 2020: The Company's net income for 2020 was NT\$63,311,668, minus the remeasurement of defined benefit plans of NT\$164,478, minus the legal reserve of NT\$6,314,719, minus the special reserve of NT\$54,367 (reversal of conversion differences of financial statements of foreign operating institutions), resulting in distributable earnings of NT\$56,791,348. The total amount of cash dividends of NT\$0.81 per share is NT\$56,266,650, which is calculated to the nearest dollar and rounded off to the nearest dollar. Upon the approval of the shareholders' meeting, the Chairman is authorized to set another ex-dividend basis, payment date and other related matters. If there is a subsequent change in the number of outstanding shares due to a change in the Company's capital stock, resulting in a change in the dividend distribution rate, it is proposed that the shareholders' meeting authorize the chairman of the board of directors to handle the dividend distribution in accordance with the Company Act or its related laws and regulations.

- C. Whether there are expected significant changes in dividend policy: None

- (7) The Effect on Business Performance, EPS, and ROE by the Company's Stock Dividend Distributed as Bonus Shares in This Shareholders' Meeting: Not applicable

- (8) Employee Compensation and Remuneration to Directors and Supervisors

- A. The number or scope of compensation for employees, directors and supervisors as set out in the Articles of Incorporation:

If the Company makes a profit in a year, it shall set aside not less than 5% as employee compensation, which shall be distributed in shares or cash by resolution of the Board of Directors to employees of the subordinate companies who meet certain criteria; the Company may set aside not more than 5% of the above-mentioned profit as remuneration to directors and supervisors by resolution of the Board of Directors. The remuneration to employees and remuneration to directors and supervisors should be reported to the shareholders' meeting.

However, if the Company still has accumulated losses, the amount of compensation should be retained in advance, and the compensation to employees and directors and supervisors should be provided in proportion to the aforementioned amount.

The compensation to directors and supervisors is based on the Company's overall operating performance, future operating risks and development trends of the industry, and the contribution rate of the industry, as well as the individual's contribution to the Company. The related compensation is reviewed by the Remuneration Committee and the Board of Directors and reported to the shareholders' meeting in order to balance the Company's sustainable operation and risk management.

- B. The basis for estimating the amount of compensation and remuneration for employees, directors, and supervisors in the current period, the basis for calculating the number of shares for employee compensation for stock distribution and the accounting treatment when the actual distribution amount is different from the estimated:

The basis for estimating the amount of compensation to employees and directors and supervisors for the current period is described in the above-mentioned Articles of Incorporation.

The number of shares used to calculate employee compensation for the current period is not applicable because the Company's employee compensation for the current period is not distributed in shares.

If the actual allotment amount differs from the estimated amount, it is recognized as operating expense in the current year. If the actual allotment amount differs from the estimated amount at a subsequent shareholders' meeting, it is recognized as profit or loss in the following year.

- C. Information about the proposed distribution of employee bonus as approved by the Board of Director:

- a. The amount of the proposed distribution of employee bonus and remuneration to directors is shown as below. If the amount referred to above differs from the employee bonus and remuneration to directors and supervisors recognized, please state the number of differences, causes of differences, and the treatment:

On March 22, 2021, the Board of Directors resolved to appropriate the amount of employee compensation of NT\$5,932,500 (7.05% of net income before taxation) and Director compensation of NT\$1,848,000 (2.20% of net income before taxation) for the year ended March 22, 2020, both of which were paid in cash.

- b. The proportion of the employee's remuneration distributed by the stock and the total net profit after tax and the total amount of employee compensation in the current period: No stock dividends distributed.

If the amount referred to above differs from the employee bonus and remuneration to directors and supervisors recognized, please state the number of differences, causes of differences, and the treatment scenarios:

In accordance with the Company's Articles of Incorporation, the remuneration to employees for the year 2019 was NT\$5,650,000 (7.07% of net income before taxation) and the remuneration to directors and supervisors was NT\$1,760,000 (2.20% of net income before taxation), both of which were paid in cash.

The above amounts are not different from the estimated amounts in the year in which the expenses were recognized.

- (9) The Company bought back the shares of the Company: None.

2. Corporate Bond: None.

3. Preferred Stock Issued: None.

4. Global Depositary Receipts Issued: None.

5. Employees Stock Options Issued:

6. Merger or acquisition of shares of other companies and issuance of new shares:
None.

7. Restricted Employee Shares: None.

8. Funding plan execution situation: All of the Company's securities issuance programs have been completed in accordance with the progress and the benefits have been demonstrated.

V. Operational Highlights

1. Business Activities

(1) Business scope:

The Company's main business items are the development, production and sales of collagen and hyaluronic acid related products, biological products for gene therapy of various diseases, and the production and sales of various medical devices, pharmaceuticals, food products, facial masks and skincare products.

A. The scope of business of the Company shall be as follows:

- a. F108031 Wholesale of Medical Devices (Limited to R.O.C. Industry Standard Classification 4565 Wholesale of watches and glasses, 4571); Wholesale of medicines and medical supplies and 4649 other machinery and equipment).
- b. F108011 Wholesale of Traditional Chinese Medicine (Limited to R.O.C. Industry Standard Classification 4571 Wholesale of Pharmaceuticals and Medical Supplies; but does not include Chinese medicine formulation).
- c. F108021 Wholesale of Western Pharmaceutical (Limited to R.O.C. Industry Standard Classification 4571 Wholesale of Pharmaceuticals and Medical Supplies).
- d. F108040 Wholesale of Cosmetics (Limited to R.O.C. Industry Standard Classification 4572 Cosmetic Wholesale).
- e. IG01010 Biotechnology Services (Limited to R.O.C. Industry Standard Classification 7210 Natural and Engineering Science Research and Development Services).
- f. C802100 Cosmetics Manufacturing (Limited to R.O.C. Industry Standard Classification 1940 Cosmetic Manufacturing Industry).
- g. C801030 Precision Chemical Material Manufacturing (limited to ROC Industry Standard Classification 1810 Basic Chemical Material Manufacturing Industry; except for nitroglycerin, mercury alkali chloride, CFC, nylon, trichloroethane, carbon tetrachloride, and chemicals listed under the United Nations Convention on the Prohibition of Chemical Weapons, Group A chemicals).
- h. CF01011 Medical Devices Manufacturing (limited to ROC Industry Standard Classification 2760 Manufacturing of Radiation and Electronic Medical equipment, 3321 glasses manufacturing industry and 3329 other medical equipment and supplies manufacturing industry).
- i. CE01030 Optical Instruments Manufacturing (limited to ROC Industry Standard Classification 2729 other Communication equipment Manufacturing, 2730 AV electronics manufacturing industry, 2771 camera manufacturing industry, 2779 other optical instruments and equipment manufacturing industry and 3321 glasses manufacturing).

B. Sales Mix

Unit: NT\$ thousand

Product Category	2020		2021	
	Amount	%	Amount	%
Biomedical products	313,550	68.51%	414,874	81.03%
Consumer products	144,141	31.49%	97,102	18.97%
Total	457,691	100.00%	511,976	100.00%

C. Major Product (Service) Categories

a. Medical Beauty Care OEM/ODM

- 1) Wash and Removers: face wash and make-up remover
- 2) Facial care: Toners, serums, lotions, day creams, night creams, eye creams and raw serums.
- 3) Sunscreen: Sunscreen and sunscreen lotion.
- 4) Medical Beauty Care: Essential care, moisturizing, whitening, anti-wrinkle, anti-allergy and various efficacy care.
- 5) Face Mask Series: Non-woven, crystal, VT, compression and bio-fiber masks with various types of serum etc.
- 6) Beauty and Skincare: General bathing, exfoliating products and breast and buttock slimming series.
- 7) Hair care: Shampoo and conditioner, hairspray.

b. Biomedical products

1) Joint injections

A) ArtiAid five-dose HA Intra-articular Injection

ArtiAid Intra-articular Injection is a joint injectable manufactured from microbially fermented high purity sodium hyaluronate (also known as hyaluronic acid). Hyaluronic acid is widely distributed in the vitreous fluid of the eyes, bursal fluid of joints and skin of animals and humans. In patients with traumatic or degenerative arthritis, the bursal fluid of the joints is deficient in sodium hyaluronate, resulting in a decrease in lubrication and pain in the joints. ArtiAid can replenish the concentration of sodium hyaluronate in the bursal fluid and increase the viscoelasticity of the joint fluid. It can reduce the inflammatory response, stress buffer, protect joint tissues, relieve joint pain and improve joint mobility. It is a complementary medical product for the relief of degenerative arthritis symptoms. ArtiAid is a five-dose joint injection with a sodium hyaluronate concentration of 1.0% (wt/wt) and a five-week treatment course of one dose per week for five weeks. The efficacy of each course of treatment depends on the patient's condition and generally lasts six to nine months. The product has been certified by Taiwan TFDA, EU CE, Indonesia MOH and Malaysia MDA and has been sold in Taiwan, EU, Indonesia, Middle East and Southeast Asia.

B) ArtiAid Plus three-dose HA Intra-articular Injection

ArtiAid Plus Intra-articular Injection is a three-dosage joint injection developed by MBI in order to improve the convenience of medical treatment for patients and meet the needs of the international market. The concentration is increased to 1.5% (wt/wt), so it can reduce the number of injections in the course of treatment, and reduce the pain and discomfort of the patient. ArtiAid Plus can increase the viscoelastic properties of joint fluid for a long time, and has the functions of reducing inflammation, buffering stress, protecting joint tissue, relieving joint pain and improving joint mobility. ArtiAid Plus is a 3-dose joint injection that is administered once a week over a 3-week period for a period of six to nine months. With the same efficacy, the benefits can reduce the number of patient visits and injections, which not only enhances the convenience of patient treatment, but also reduces the manpower burden of the hospital or clinic. The product has been certified by TFDA, HSA of Singapore and MOH of Indonesia and has been sold in Taiwan, Singapore, Middle East and Southeast Asia.

C) ArtiBest one-dose HA Intra-Articular Injection

ArtiBest Intra-Articular Injection is a new generation of intra-articular injection derived from MBI's hyaluronic acid cross-linking technology. This product is a 1-dose joint injection that can significantly shorten the current clinical treatment course (currently 5 or 3 doses) and eliminate arthritic symptoms in a single treatment. The launch of this product will enhance the competitiveness of MBI's joint injection product line (5 doses, 3 doses and 1 dose) in the domestic market. This product has been approved by the TFDA in Taiwan and has been included in the health insurance coverage in 2020. The overseas market is also in development, as of May 2022, the product has obtained certification in Malaysia and Indonesia.

2) collagen medicine

A) GingivAid Dental Collagen Bone Graft

GingivAid Dental Collagen Bone Graft is a synthetic filling used to fill bone fissures to strengthen and repair missing gums, teeth, periodontal bone and dental implants. Since the alveolar bone is actually bone, the GingivAid Dental Collagen Bone Graft is similar to the Formagraft collagen bone filler in terms of composition, being a two-phase ceramic particle of collagen and HAP/ β -TCP. GingivAid has the same structure and chemical composition as human sponge bone matrix. It can effectively provide a good environment for dental osteoblasts to adhere and grow, accelerate the synthesis of new bone matrix, and complete the repair of bone tissue. During the process of tooth tissue repair, the GingivAid is also absorbed by the body and gradually replaced by new bone. In clinical use, GingivAid can also be mixed with the patient's own blood or platelet-rich plasma (PRP) to adsorb active substance or growth factor in the blood, thus accelerating tissue regeneration and allowing arbitrary shaping according to the shape or size of the defect, enhancing the operability and convenience of clinical use. This product has been certified for Taiwan TFDA, has Malaysia MDA, and has been sold in Taiwan and Southeast Asia.

B) FormaAid Guided Tissue Regeneration Membrane

FormaAid Guided Tissue Regeneration (GTR) membrane is a soft membrane that covers the periodontal defect and guides the regeneration process of the defective periodontal tissue. Since the growth rate of new bone regeneration in teeth is usually slower than that of soft tissues such as gingival connective tissue, the use of a dental tissue-directed regeneration film (GTR) after periodontal surgery can prevent the invasion of soft tissues that may cause poor regeneration of new bone tissue in the defective area. Using FormaAid Guided Tissue Regeneration Membrane post-operation can guide the growth of gingival connective tissue over the defect while maintaining space for the growth of periodontal ligament and alveolar bone tissue, thereby completing the regeneration of periodontal tissue over the defect. FormaAid Guided Tissue Regeneration Membrane is made of high purity medical grade collagen, which is an essential substrate for tissue repair. FormaAid is made from fibrous collagen. The structure of the pores is similar to that of normal human bone tissue, which can effectively promote cell embedding, growth and tissue regeneration. In addition, the surgical operability of the FormaAid is further enhanced by our unique crosslinking technology. The FormaAid Guided Tissue Regeneration Membrane is completely absorbed by the body, eliminating the need for a second surgical procedure to remove it, adding to the convenience of clinical use. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

C) HealiAid Collagen Wound Dressing

HealiAid Collagen Wound Dressing is made of high purity medical grade collagen and has a porous sponge-like structure. Compared with general cellulose based wound dressings, collagen is the main matrix of skin tissue and contains up to 70% in the skin, and is an important regulator of wound repair and clotting mechanism. Its porous sponge structure can absorb blood and wound secretions and promote platelet aggregation to accelerate blood clotting and promote wound healing, making it suitable for general wounds, burns or surgical wounds.

HealiAid Collagen Wound Dressing is made of fibrous collagen, the structure of the pores is similar to the extracellular matrix (ECM) of normal human skin tissue, which can effectively promote cell migration, growth and tissue regeneration, and can facilitate wound healing, therefore, the safety of this product as well as the effectiveness of hemostasis and wound healing are better than that of non-collagen wound healing products available in the market. This product has been certified by TFDA in Taiwan and NMPA in China, and has been sold in Taiwan and China.

D) SurgiAid Collagen Wound Dressing

SurgiAid is made of high purity medical grade collagen and has a porous sponge-like structure. Compared with general cellulose based wound dressings, collagen is the main matrix of skin tissue and contains up to 70% in the skin, and is an important regulator of wound repair and clotting mechanism. Its porous sponge structure can absorb blood and wound secretions and promote platelet aggregation to accelerate blood clotting and promote wound healing, making it suitable for general wounds, burns or surgical wounds.

SurgiAid Collagen Wound Dressing is made of fibrous collagen, the structure of the pores is similar to the extracellular matrix (ECM) of normal human skin tissue, which can effectively promote cell migration, growth and tissue regeneration, and can facilitate wound healing, therefore, the safety of this product as well as the effectiveness of hemostasis and wound healing are better than that of non-collagen wound healing products available in the market. This product has passed the product certification of Taiwan TFDA and US FDA 510K and has been sold in Taiwan.

3) Dermal Fillers

A) Formaderm HA Dermal Filler Injection

In the body, hyaluronic acid exists in the dermis in the form of a gel and its main function is to help maintain water and increase the volume of the skin. As the skin ages, collagen and hyaluronic acid are gradually lost, resulting in wrinkles on the face, so applying hyaluronic acid not only restores the ability to retain moisture,

but also increase the volume of the skin. However, hyaluronic acid only lasts 1-2 days in its natural state before it is metabolized. With this in mind, MBI has created a stable hyaluronic acid product, Formaderm Dermal Fillers, through the core technology of hyaluronic acid cross-linking, to plump up facial tissues, correct wrinkles and plump up lips. Formaderm is naturally integrated into the tissues and is absorbed as it decomposes, but its density decreases and its volume remains unchanged, maintaining the contour of the affected area until the hyaluronic acid is completely absorbed. The duration of Formaderm in the body depends on the patient's condition and is usually about six to nine months. This product has been certified by TFDA in Taiwan and NMPA in China, and has been sold in Taiwan and China.

B) Formaderm Young HA Dermal Filler Injection

Formaderm Young is the second product in MBI's Dermal Filler series. Formaderm Young is a product in the series of products developed using the hyaluronic acid cross-linking technology platform developed by MBI. Unlike Formaderm, which is injected into the middle dermis, Formaderm Young is injected into the lower dermis and subcutaneous surface to repair deeper skin defects. This product has been approved by TFDA in Taiwan and is sold in Taiwan; China certification is in the application process.

C) Formaderm Charming HA Dermal Filler Injection

Formaderm Charming is the third product in MBI's Dermal Filler series. Formaderm Charming is a product in the series of products developed using the hyaluronic acid cross-linking technology platform developed by MBI. Formaderm Charming is injected into the tissue under the skin to repair deeper skin defects. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

D) Formaderm (Lidocaine) HA Dermal Filler Injection

Formaderm (Lidocaine) is the fourth product in MBI's Dermal Filler series. Formaderm (Lidocaine) is a product in the series of products developed using the hyaluronic acid cross-linking technology platform developed by MBI. Formaderm

(Lidocaine) has the same clinical purpose as Formaderm, but with the addition of anesthetic to the product to further enhance user comfort. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

E) Formaderm Young (Lidocaine) HA Dermal Filler Injection

Formaderm Young (Lidocaine) is the fourth product in MBI's Dermal Filler series. Formaderm Young (Lidocaine) is a product in the series of products developed using the hyaluronic acid cross-linking technology platform developed by MBI. Formaderm Young (Lidocaine) has the same clinical purpose as Formaderm Young, but with the addition of anesthetic to the product to further enhance user comfort. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

4) Synthetic Bone Graft

A) Formagraft Collagen Bone Graft Matrix

Formagraft Collagen Bone Graft Matrix is a synthetic filler used to fill gaps and fissures in the skeletal system of the limbs, spine, and pelvis. In addition, Formagraft can be used for bone defects in loading areas with the aid of internal and external fixation devices. Formagraft is used as a filler for bone defects and is gradually fused and replaced by the body's own new bone tissue during the bone repair process. Formagraft combines high purity medical grade collagen and hydroxyapatite/ β -tricalcium phosphate (HAP/ β -TCP) biphasic ceramic granule, which is a synthetic artificial bone material. Its structure and chemical composition are the same as the bone matrix of human sponge bone (cancellous bone), which can provide a good environment for osteoblast cells to adhere and grow, and has osteoconductivity and can promote bone regeneration. Formagraft can be added to the patient's bone marrow prior to surgical implantation. The bone marrow contains various bone morphological proteins and stem cells, which can bind with collagen in the bone marrow and stimulate and induce migration, proliferation and differentiation of the patient's own osteoblasts. The osteoconductivity and osteoinductivity of osteoblasts can stimulate and induce the migration, proliferation and differentiation of the patient's own osteoblasts, thus stimulating bone regeneration more effectively. According to the results of a clinical trial conducted by NuVasive in 113 patients in the U.S., the rate of bone defect repair and bone regeneration after mixing Formagraft with bone marrow is the same as that of the patient's own bone, and the efficacy is comparable to that of autologous bone. This product is an ideal synthetic bone filling material with good surgical operability, high stability and convenient storage. This product has been approved by FDA in 2005 and TFDA in 2009, and has been sold in Taiwan and the United States. In addition, the second-generation bone material "Attrax Scaffold," developed in collaboration with NuVasive, not only contains new bio-ceramics with osteoinductive properties, but also produces artificial bone material with excellent clinical operability through a unique collagen compounding technology. It was cleared for marketing by the FDA in December 2016, has been marketed in the U.S., and will be certified as an import number in Taiwan in November 2021.

B) BestAid Collagen Bone Graft

BestAid Collagen Bone Graft is a synthetic filler used to fill bone cracks to strengthen and repair defects. The structure and chemical composition of BestAid is the same as that of human sponge bone matrix, which can effectively provide a good environment for osteoblast cells to adhere and grow, accelerate the synthesis of new bone matrix, and complete the repair of bone tissue. During the process of bone tissue repair, BestAid is absorbed by the body and gradually replaced by new bone. In clinical use, BestAid can also be mixed with the patient's own blood or platelet-rich plasma (PRP) to adsorb active substance or growth factor in the blood, thus accelerating tissue regeneration and allowing arbitrary shaping according to the shape or size of the defect, enhancing the operability and convenience of clinical use. This product has been certified for Taiwan TFDA and MDA Malaysia and is sold in Taiwan.

C) Foramic Bone Substitute Granules

Foramic is a bone filling material designed and manufactured by combining the advantages of both HAP and β -TCP medical materials.. It is a biphasic calcium phosphate ceramic consisting of 60% hydroxyapatite HAP and 40% β -tri-calcium phosphate β -TCP. Another feature of Foramic is its excellent double-pore construction. The structure of the pores mainly provides space for human cells (osteoblasts, etc.) to adhere and grow, and also serves as a channel for oxygen and waste metabolism. The pore structure of Foramic is 60% macropores (pores of 300-600 μm) and 40% micropores (pores of about 10 μm). However, as Foramic degrades in the body, the adjacent micropores gradually fuse with each other to form large pores, thus providing an environment for the next wave of osteoblasts to adhere and grow. This excellent dual pore structure and distribution provides an environment for continuous osteoblast proliferation, enhances the mechanical properties and mass transfer of Foramic bone material, and accelerates bone tissue repair. This product has been certified by TFDA in Taiwan and NMPA in China, and has been sold in Taiwan and China.

D) Formasetin Bone Void Filler

Currently, PMMA (Polymethylmethacrylate, also known as acrylic or plexiglass) and calcium sulfate bone cement are used for the clinical treatment of spinal compression fractures caused by osteoporosis, but the high temperature released during the molding process of PMMA implantation will cause necrosis of adjacent bones and excessive toxicity. This material cannot be absorbed by the body and cannot be fused with the bones, so it cannot be absorbed in the human body. Calcium sulfate bone cement has the disadvantage of decomposing too quickly in the human body. Calcium phosphate bone cement can solve the shortcomings of PMMA and calcium sulfate bone cement. After implantation of calcium phosphate bone cement, its composition is similar to human bone, and it will solidify into a high-strength calcium phosphate compound, which will not release high temperature and cause bone necrosis, nor will it release other substances to stimulate human tissues, which is safe and can be absorbed in the body.

The injectable calcium phosphate bone cement developed by MBI not only has a patent-protected special formula, but also solves the shortcomings of the current commercially available products that have inconsistent degradation rate and autologous bone regeneration time. The injectable dosage form of this product can be clinically applied to fill bone defects or bone gaps of various shapes and uneven surfaces, and can break through the bottleneck of traditional bone materials unsuitable for minimally invasive surgery to perform bone repair with minimally invasive orthopedic surgery, reducing patient pain and speeding up recovery. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

E) MaxiBone Calcium Phosphate Ceramic

MaxiBone Calcium Phosphate Ceramic is a new generation of biomedical ceramics developed by MBI to improve the problem of too fast or too slow resorption of commercially available products in the body. They can be used clinically as fillers for post-teeth extraction, and can also be used to increase or reconstruct periodontal bone defects and oral/jaw defects. According to the demand of dental clinical applications, the best absorption time for synthetic bone fillings is three to six months, otherwise it will affect the process of bone tissue healing or bone regeneration, and there is no biomedical ceramic product that can be absorbed by human body within three to six months. MaxiBone Calcium Phosphate Ceramic is composed of dicalcium phosphate and hydroxyapatite. The structure is similar to that of human sponge bone and is highly biocompatible, resorbable and has good bone guidance. MaxiBone can be absorbed by the human body in three to six months. The biodegradation and resorption properties and the speed of new bone repair are similar to those of autologous bone, which can improve the shortcomings of commercially available products that are too fast or too slow to be resorbed. This product has been certified by TFDA in Taiwan and has been sold in Taiwan.

5) Other Medical Materials

A) ViscAid Cohesive Ophthalmic Viscoelastic

ViscAid Cohesive Ophthalmic Viscoelastic is an auxiliary medical material for ophthalmic surgery produced by microbial fermentation of high-purity hyaluronic acid. Surgery and retinal reattachment surgery, etc., and in the two surgeries of vitrectomy and retinal detachment, it is used as a filling material for vitreous body replacement. Hyaluronic acid has the properties of lubricity, elasticity, transparency, and protection of corneal endothelial cells. It is used in ophthalmic surgery to help reduce the interaction between corneal endothelial cells and tissues, maintain the depth of the anterior chamber of the eye and surgical visibility, and to cover the lens of the inner eye and the surface of the surgical instrument before implantation of the IOL to prevent possible trauma to the eye caused by the surgical instrument. When used to fill the anterior and posterior segments of the eye during ophthalmologic surgery, ViscAid also maintains tissue integrity and clear visibility. This product is non-antigenic, non-pyrogenic, non-allergic and well tolerated by human eyes. This product has been certified for Taiwan TFDA, China NMPA, Indonesia MOH and Malaysia MDA and has been sold in Taiwan, China and Southeast Asia.

B) PreviscAid Dispersive Ophthalmic Viscoelastic

Unlike ViscAid, which is a cohesive ophthalmic binder, PreviscAid is a dispersible ophthalmic binder that contains small molecules of microbially fermented high purity hyaluronic acid and medical grade Chondroitin Sulfate, which is superior in protecting corneal endothelial cells and reducing the interaction between corneal endothelial cells and tissues. PreviscAid is suitable in all types of ophthalmic surgeries. Due to its lubricity, viscoelasticity and transparency, it can be used to cover the lens of the inner eye and the tip of the surgical instrument to prevent possible trauma caused by the surgical instrument. This product has been certified by TFDA in Taiwan and MOH in Indonesia and has been sold in Taiwan and Indonesia.

C) BiVisc Ophthalmic Viscoelastic System

BiVisc Ophthalmic Viscoelastic system is a combination product of current existing PreviscAid Ophthalmic Viscoelastic and ViscAid Ophthalmic Viscoelastic. In conjunction with clinical use, we provide two doses of adhesive products for pre- and post-operative use, effectively enhancing the convenience of clinical use.

D. New products (services) the company planned to develop.

a. Hyaluronic Acid Crosslinking Core Technology Derivatives

1) Injectable anti-adhesion fillers

The injectable anti-adhesive filler is a cross-linked hyaluronic acid product mainly used to prevent adhesions after spinal surgery, gynecological surgery, or hepatobiliary and gastrointestinal surgery. Currently, the clinical anti-stick products are in the form of thin films, which often limit the clinical effect due to the dispersion of the adhesive area in operation. This product is an injectable dosage form that is suitable for coating various surface shapes and greatly enhances the convenience of current clinical operations. This product will provide the best option for optimal post-operative recovery for abdominal surgery patients in the future.

2) New resorbable bone material with osteoconductive properties

MBI has built up a wide range of orthopedic products, including intra-articular injectables, calcium phosphate ceramics, injectable bone cement and collagen/ceramic composite bone materials, which have been marketed in Taiwan, the European Union and Southeast Asia. In order to continue to deepen the product line, the Company is developing new bone materials with osteo-induction properties based on our current bone material products with osteo-conduction properties, combined with new active factors and a special loading method with patent protection. This is an innovative product that has not yet been launched. It is expected that the introduction of this technology and product will lay one of the foundations for the development of a medical product that is an international benchmark for MBI. The product technology has actually started the relevant research and development work, and is expected to complete the pre-market clinical testing, successive clinical trials and application for product marketing approval in 3~4 years.

(2) Industry Overview

A. Status Quo and the Development Trend

a. International Biomedical Market

According to the US Census Bureau, 8.5% of the world's population, or more than 600 million people, will be over 65 years old by 2050, and 1.6 billion people, or 17%, will be over 65. The global average life expectancy is estimated to increase from 68.6 years in 2015 to 76.2 years, and the number of "super old" people over 80 years old will increase from 126.5 million in 2015 to 446.6 million. It is estimated that the future growth of the medical materials market will be greatly influenced. The trend has always been to improve the efficiency of medical treatment, such as the simplicity and efficiency of surgery, the perfection of post-operative tissue healing, the comfort of patients, and the effective use of medical resources. The trends and forecasts analyzed in the above-mentioned reports confirm that the growth of the medical materials market will be significantly driven.

According to IEK Consulting report, the global medical device market will reach US\$427.3 billion in 2020 and US\$434.2 billion in 2021, and is expected to grow at a compound annual rate of 4.8% to reach US\$491.4 billion in 2023. Although the overall growth rate in 2020-2021 is slightly stagnant due to the impact of COVID-19, the expected market performance trend is expected to grow at a compound annual growth rate (CAGR) of 6.1% to US\$603.5 billion from 2022 to 2030 as the underlying demand remains and the global medical market gradually recovers. The GDME0192MAR (Jan. 2014) statistical report published by GlobalData predicts that the U.S. will remain the world's largest market for medical materials in 2020, accounting for 65.6% of the total market value, Japan 9.5%, Germany 7.7%, and China 4.3%, with Japan, China, India in Asia, and Brazil in the Americas growing the fastest from 2013 to 2020. The most rapid growth between 2013 and 2020

The China Medical Devices Blue Book (2019 Edition) shows that the market for high-value medical consumables will continue to grow, but the growth rate will slow down year by year due to factors such as centralized procurement and import substitution, and the market size of high-value medical consumables is estimated to be RMB 104.6 billion in 2018. Compared with high-value medical consumables, low-value medical consumables will continue to grow at a high rate due to their wide application and benefit from the improvement of people's living standards and the growth of medical demand in China, with a market size of RMB 64.1 billion in 2018, up 19.81% year-on-year. The continuous investment in medical and health care in China, the increase in residents' ability to pay, and the accelerating trend of aging population have given a strong impetus to the development of medical consumables industry. The market size of low-value medical consumables is expected to exceed RMB 90 billion in 2020. According to the estimation of China Institute of Medical Research, the market share of injection and puncture consumables is the largest in the low-value medical consumables market, with a market share of 30%, followed by medical hygiene materials and dressings, with a market share of 22%, and the top five areas in terms of market share are injection and puncture, medical hygiene materials and dressings, medical polymer materials, medical technology consumables, and sterilization.

Analyzing the European market, the main population is distributed in the western half of Europe, the population of Western Europe is about 420 million. Italy, Germany, Portugal, Finland, Greece, and Sweden are among the top 10 countries in the world in terms of the proportion of people over 65 years old. The demand for health care products will continue to grow.

Overall, it is predicted that the emerging markets will continue to be the most popular potential markets in the global medical materials market, and the focus of global manufacturers' active deployment. For example, China, Poland, the Czech Republic, India, Vietnam and other countries have been promoting relevant medical reform policies to replace old and obsolete medical equipment with new ones, and the low self-sufficiency rate of medical equipment is mainly provided by imports, which also drives the demand for medical material procurement, and the mutual growth of the Japanese market, which also drives a new wave of development opportunities.

b. Domestic Biomedical Market

According to IEKCQM, the output value of Taiwan's medical device industry in 2020 was NT\$123 billion, a 4.5% increase compared to the same period last year. The value-added rate is oriented to the performance of the industry. With the efforts of continuous high value-added and niche market targeting, the medical device industry in Taiwan is estimated to reach 38.8% in 2020, which is about 10 percentage points higher than the average level of Taiwan's overall manufacturing industry and has high development potential. IEKCQM predicts that the medical device industry in China will continue to grow by 5.2 ~ 6.1% in 2021, with an output value of \$130 billion and an added value rate of nearly 40%.

In recent years, because the global financial turmoil has hit the European and American economies hard, and European and American medical material manufacturers have high operating costs, European and American medical material manufacturers have turned to Asian countries to seek OEM. Production and R&D are obvious cases, and the biomedical industry is highly profitable, even the OEM has a very high gross profit. With MBI's experience, the OEM gross profit reaches more than 40%.

In recent years, the rise of manufacturers in mainland China has posed a great threat to Taiwanese companies, and the experience of Taiwanese electronics manufacturers in mainland China is not far behind. However, the biomedical industry is critical to human life and health, and the strict requirements for product quality and production standards are common worldwide. The quality and technology of biotech medical enterprises in mainland China are still not up to the world standard, especially the competitiveness of tertiary implantable medical materials in the international market is still low, which is the opportunity for Taiwan's high-end medical materials manufacturers to enter. China's economy has continued to grow in recent years and the domestic demand market is expanding rapidly under the stimulation of the 12th Five-Year Plan for medical reform. The domestic demand market is expanding rapidly and the Chinese people have considerable trust in Taiwanese products, so the Chinese domestic demand market is an opportunity for Taiwanese biomedical companies to expand their market.

In the U.S., while total health care spending as a percentage of GDP has far exceeded that of other countries, 46 million people in the U.S. still lack health insurance coverage

and are unable to access basic health care. After taking office in 2008, Obama proposed a health care reform plan, hoping to provide affordable health care to all people by increasing the health insurance coverage rate and the small business health tax deduction. In March 2010, the U.S. Congress passed a health care reform bill that will invest \$940 billion over the next ten years, and U.S. manufacturers will expand their procurement orders to Asia. This is also an opportunity for Taiwan medical material manufacturers to expand their exports to the U.S. market.

c. Cosmetics and Skincare Market

With the influence of economic, scientific and technological progress and the globalization of trends, it has become a common consumer behavior to maintain a young and beautiful appearance through skincare products. In the skincare industry, the awareness of aging population and anti-aging is also on the rise, in addition to face care, facial makeup, hair care, body care, perfume and fragrance. However, the world is still affected by Covid-19, which has changed the working pattern, and all industries are more or less directly or indirectly impacted, and the beauty industry is no exception. And there is even more uncertainty because the pandemic is not slowing down. The current status and development of the cosmetic industry is as follows: Excerpts from CMRI [trend report] beauty Industry trends 2020.

Consumer demand for personal face and body care is higher and more refined. In response to epidemic prevention measures, skin problems caused by prolonged wearing of masks have increased, and demand for skin soothing, anti-acne, pore repair and firming has increased.

Because the epidemic has not improved, wearing masks has become part of daily life. The most profound impact is on cosmetics, such as lip gloss and cheek gloss, which are still in low demand; eye makeup such as eye shadow, eyeliner, eyebrow and eyelash are relatively more focused.

Consumer demand is gradually shifting: There is no significant change in the overall concern of consumers compared to 2019 and 2020; while the demand for makeup is decreasing, consumers are shifting their concern to face care, body care, hair care and fragrance, indicating a shift in overall consumer demand. In addition to putting more emphasis on personal care and caring for the face and body, the growth in demand for fragrance and hair care products shows that consumers are putting more emphasis on personal style/image building and are using fragrance-related products to soothe and condition their bodies and minds under the stressful atmosphere of the epidemic.

In the domestic market, according to the Census and Statistics Department of the Ministry of Economic Affairs, the annual output value of Taiwan's cosmetics manufacturing industry has been growing by about 10% per year since 2013, from NT\$19.4 billion to NT\$24.2 billion in 2016. The overall output value of the cosmetics manufacturing industry decreased slightly from 2017 to 2018, mainly due to the decline in the output value of face and body skin care products. At present, the top three categories of the cosmetics market in Taiwan are skin care products 52.6% (including anti-aging care products 36.7% as the main force), cosmetics 17.2%, and hair products 8.8%. In recent years, the DIY trend and the rise of medical cosmetics have led to the development of domestic brands. The number of factories grew from 582 in 2007 to 753 in 2015, with

an average annual increase of 3.4%. The number of employees also increased year by year from 0.8 million in 2007 to 14,000 in 2015, with an average annual increase of 6.5%, which is higher than the growth rate of the overall manufacturing industry (0.8% and 1.8% respectively). In the past two years, there were more than 100 new registered factories, 146 in 2016 and 139 in 2017.

In terms of foreign markets, the Asia Pacific market is currently the world's largest cosmetics consumer market, with a market size of US\$81.02 billion, accounting for 36.9% of the global total during the same period, followed by North America, Western Europe and Latin America. China, Japan, India, Brazil and the United States are expected to be the top five demand markets for the global cosmetics industry by 2025. Among them, it is worth noting that the Chinese market has surpassed Japan in 2016, with a growth rate of 6.8% over some developed countries, of which skin care products are growing at the fastest rate, and there is still room for substantial growth in per capita consumption.

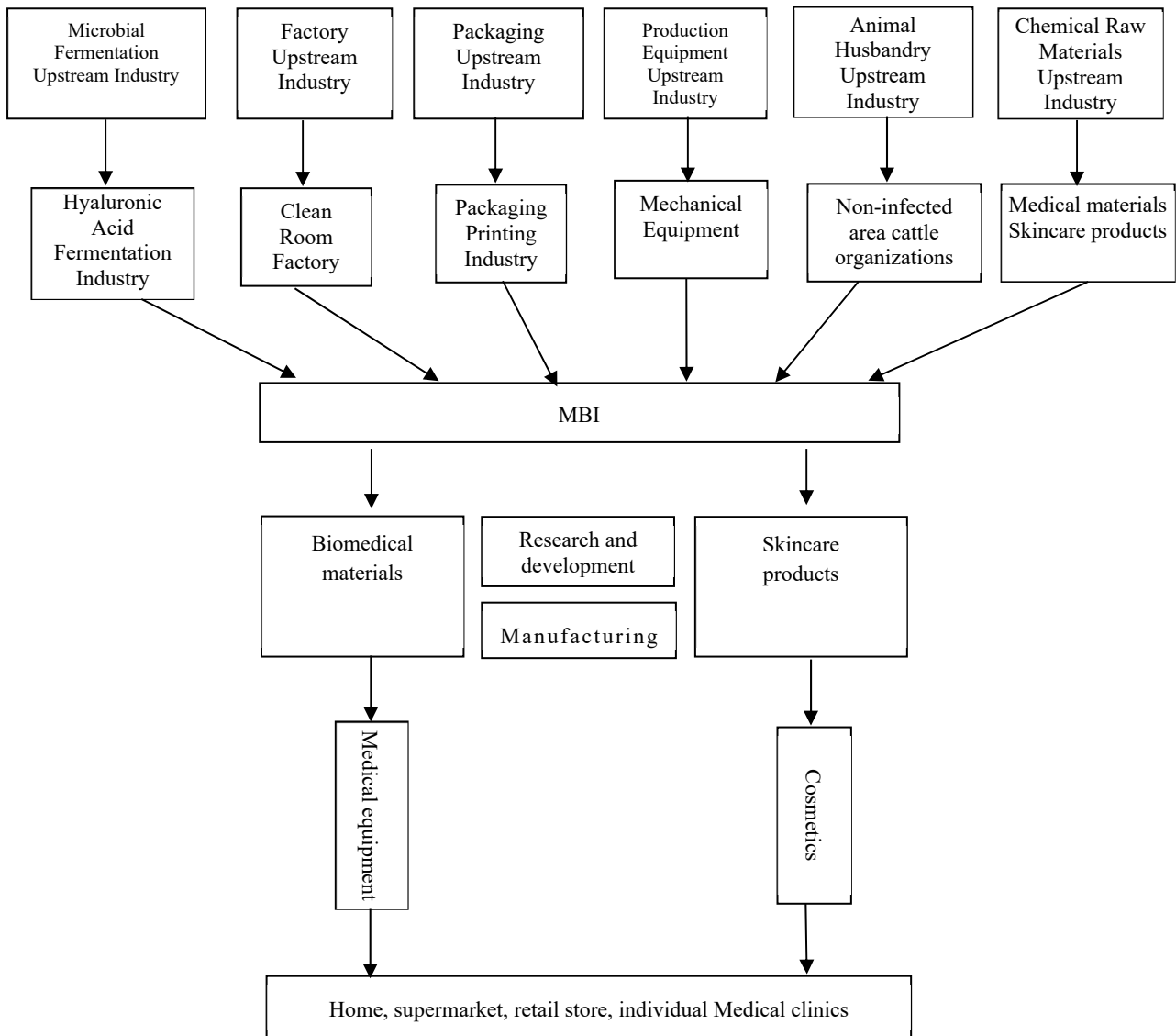
The export value of Taiwan's cosmetics manufacturing industry has increased from NT\$16.4 billion in 2013 to NT\$25.9 billion in 2018, with the most obvious growth in the cosmetics and skin care products categories.

Based on the above-mentioned industry trends and market conditions, the Company's OEM division continues to focus on developing excellent formulas for the Company's skincare products, complemented by our own manufacturing techniques to enhance the efficacy or the quality of use of the Company's products. In addition to focusing on achieving consumers' (brand owners') pursuit of beauty and providing high value-added services, the foundry industry, which is a midstream player in the global skincare industry, is increasingly focusing on low-pollution requirements in the production of products to meet consumers' expectations for beauty products with a good image from the inside out.

B. Correlations between Upstream, Midstream, and Downstream Companies

Our company produces collagen, hyaluronic acid and other surgical products, covering a wide range of upstream, midstream, downstream biotech and non-biotech industries. In terms of upstream raw materials, the Company purchased the processing technology from the BSE bovine team in New Zealand and Africa to build a supply chain of hyaluronic acid produced by fermentation process, and are also engaged in the preparation of high-end bio-ceramic raw materials. For upstream equipment, the Company discusses and designs production directly with precision equipment manufacturers to meet the special specifications required for internal production, and only after strict validation is the equipment used in production lines. The Company's equipment also covers the medical-grade machine equipment industry and the packaging materials industry. Medical grade equipment includes medical grade steel reactors, centrifuges, mixers, crushers, various conveyors, freeze dryers, high pressure steam sterilizers, high temperature dry heat ovens, clean rooms (Class 1000, Class 10,000, Class 100,000), air conditioning equipment, super filtration equipment, and concentration equipment. Midstream industries, such as the Company's production of medical grade collagen, are supplied to midstream industries as raw materials for their products, such as manufacturers of medical devices and cosmetics.

The downstream industry covers a wide range of areas including hospitals, pharmacies, clinics, cosmetic stores, and beauty centers.



C. Various development trends and competition of products

a. Product development trends

1). Biomedical materials

The growth of the medical industry is driven by (1). Aging population, (2). Continuous improvement of medical technology, (3). The improvement of economic conditions, and (4). The emergence of new countries. According to United Nations statistics, the global population will reach 9.3 billion in 2050, of which the number of people over 65 years old is about 1.9 billion, which is about three times of the current number. The medical expenditure of the elderly population accounts for 13% of the overall consumption, much higher than the 3.5% of the young group, so with the baby boomers into old age, the business opportunities brought by the aging population cover the entire medical industry, including orthopedics, dentistry, ophthalmology, cardiovascular, psychiatric, etc., with far-reaching effects. In addition, due to the continuous advancement of clinical medicine, new products and new treatment

methods are constantly introduced, which is also an important factor to drive the growth of the pharmaceutical industry. In addition, the improvement of economic conditions is also the reason for the pursuit of health and quality of life. Improvements in economic conditions have led to an increase in the proportion of people seeking medical care, especially in emerging countries.

Degenerative arthritis of the knee is a nightmare of many elderly people. Not only does it cause reduced mobility, but pain, swelling and stiffness of the joint also reduce the quality of life. According to statistics, the incidence of arthritis is 20-30% at age 50 and up to 70% at age 70 or older. Intra-articular Hyaluronic acid injections are injections of hyaluronic acid, a substance that is already present in the joint fluid, to help reduce the burden on the joints. Studies have found that when degenerative knee arthritis occurs, the concentration of hyaluronic acid in the joint decreases significantly, and its ability to protect the cartilage and resist inflammation also decreases significantly. If hyaluronic acid is injected into the joint, it can inhibit inflammation and protect the cartilage through a variety of mechanisms. The global aging population continues to rise, and the growth of the aging population is causing an increase in the number of people seeking medical care for aging-related illnesses. In Taiwan, hyaluronic acid injections are covered by health insurance, and can be used when you are 60 years of age or older, when your symptoms and x-rays reach a certain level of severity, and when you have received conservative treatment for more than six months. Ophthalmology is one of the most important diseases of aging, including age-related macular degeneration, cataracts, amblyopia, glaucoma, and diabetes-related diseases, thus driving the global demand for ophthalmology materials. In China, for example, according to statistics from mainland China, the prevalence of cataracts among able-bodied people over the age of 75 is as high as 90%, and the prevalence of cataracts among people over the age of 60 is also 80%, and the number of people blinded by cataracts in China is currently as high as 5 million, of which the cataract surgery coverage rate is less than 1/3. In addition, in terms of dentistry, Chinese people generally have poor oral hygiene habits, and the prevalence of caries is as high as 90%, and the rate of periodontal disease is also 70%. With the gradual improvement of the Chinese people's economy and the improvement of medical knowledge, people are paying more and more attention to dental care, and coupled with the trend of orthodontic implants, the dental market has been growing rapidly in recent years, and the future market growth potential is huge.

In addition, in other mature markets such as Europe and the U.S., as mentioned above, the increase in operating costs of medical clinics due to the health care reform policy has forced hospital purchasing departments to look for inexpensive and quality medical products, especially in the area of biomedical consumables, which is an opportunity for MBI products to enter the international market.

2) Beauty skincare products

According to the market consumption data (extracted from the data and referred to by Epoch, Pew Research, CenterEuromonitor and Watsons), the following phenomena and trends can be broadly summarized:

Under the impact of the pandemic, various industries have been affected, but where there is crisis, there is opportunity. The change in consumer habits has also led to business opportunities. Watsons has released its 2021 Health and Beauty Trend Report, which explores the current market situation of the cosmetic retail industry, changes in consumer behavior and trends in beauty and health products.

A) Trend 1: Mask makeup and mask skincare has become the hottest beauty topics

As the pandemic continues to develop, wearing a mask has become the new norm, and the biggest problem for women is the makeup and skincare issues when wearing a mask. Consumers' focus on makeup has shifted from the previous focus on foundation and makeup to the eye makeup that is exposed outside the mask. The beauty brands, in response to the change of consumers, have launched eye makeup with high color and many colors, such as colored eyeliner, mascara and so on; and the products for fixing and maintaining makeup when removing the mask, as well as cosmetics that do not lose color are favored. The masks are causing sensitive skin problems, so skin care products that are mainly for sensitive skin are getting attention. In skincare, acne problems caused by long time wearing masks and skin impermeability makes the anti-acne skincare a concern; and the sensitive skin problem caused by masks makes the skin care products mainly for sensitive and weak skin become one of the popular products.

B) Trend 2: At home beauty DIY skincare boom

In order to prevent the pandemic and reduce the cluster, consumers reduce the number of trips to the beauty salon and choose DIY beauty steps at home instead. In countries and cities where the pandemic is severe, traditional spa and salon operators are turning to digital services, allowing consumers to purchase products for the courses online and have them mailed to their homes for use. Other products such as clinic-grade aesthetic products, dental whitening and at-home beauty equipment allow consumers to complete beauty care steps at home. The demand for at-home beauty care has increased, and consumers tend to prefer easy but professional care at home. For nail art, hair coloring and scalp care courses that used to be conducted in individual studios or salons, there are also alternative stick-on nails, gel polish, bubble hair-dye and scalp care products to meet consumer demand.

C) Trend 3: At home workouts on the rise due to increased health consciousness

Apart from doing their part in preventing the pandemic, consumers have been actively seeking ways to boost their immunity. According to an online survey conducted by Dongfang, 85% of consumers are more concerned about their health because of the impact of the pandemic on their health and lives, and have adjusted their diet and exercise habits, and even taken the initiative to arrange health checkups, which has also brought attention to products such as nutritional care and fitness equipment. In addition, the trend of Taiwan's health food market has also changed significantly, and health products that can enhance immunity are also favored by consumers.

D) Trend 4: Simplicity and sustainability are key

According to a survey by the Pew Research Center, Gen Z is more concerned with the actual product content and ingredients for every penny spent than other generations, and they are more comfortable with minimalist, pure products.

As Generation Z has gradually become the mainstream of consumption, both brand image and practical actions “have social responsibility and give back to the society” have become the focus of consumers’ choice.

For example, plastic particle-free rinse-off beauty and personal care cleansing products can reduce the generation of plastic waste; natural beauty essence as the main ingredient, without the addition of alcohol, fragrance and other risky additives to reduce the burden on the skin and the environment, have won the attention of consumers.

E) Trend 5: The new normal of pandemic prevention, super full retail solves consumer pain points

Traditional consumption patterns have changed dramatically due to the pandemic, and technology services that are more humane in design are gaining the attention of consumers.

Brands start to introduce AI artificial intelligence, AR augmented reality and VR virtual reality, smart pay and other technologies into the service content. A super retailer with no limits and no boundaries for browsing products, consumption channels, and shopping hours, which can help consumers solve their consumption limitations and pain points. The QRCode scanner, point-and-click machine, and cell phone can extend the restricted shelf space and provide consumers with more choices.

In addition, the demand for contactless consumer experiences is increasing, so the use of consumer experience-focused services such as diverse delivery options, virtual makeup trials, and mobile payments continues to grow.

F) Trend 6: Useful products, the beauty of pandemic prevention in the midst of a pandemic

The pandemic changed people’s daily routines and made masks, alcohol and hand sanitizer is a necessity in post-pandemic life. In addition to the basic functions, consumers are also paying more attention to the appearance and additional effects of these products.

Take masks as an example, medical masks with special colors, shapes or brand co-branding have outperformed the sales of products with the same function but in general style.

In addition, multi-functional anti-bacterial products, such as anti-bacterial wet wipes and sprays with deodorizing, disinfecting and fragrance functions, are also attracting attention because of the pandemic.

b. Competition

1) Biomedical materials

A) International competitors

Since MBI has independent product development and core capabilities in manufacturing, it has a competitive advantage in product price. In addition, since the operating costs of European and American manufacturers are much higher than those of MBI, MBI also has a higher cost and speed of product development. It has absolute advantages, but European and American manufacturers have good product quality, good service, international reputation and trust, which are the advantages of European and American manufacturers. However, the nature of biomedical material industry is small amount and multiple samples, such a model is actually unfavorable to the expensive operating costs of European and American manufacturers. For years, European and American biomedical material manufacturers have monopolized the international market because other countries do not have enough core competencies in product development and manufacturing, and therefore do not have the strength to challenge European and American manufacturers. With these core competencies and cost advantages, Taiwan's best manufacturers, such as MBI, should have the opportunity to gradually enter the international market at a time when countries around the world are seeking to reduce their medical expenditures. From the perspective of European and American manufacturers, in order to maintain their market share, they must continuously introduce new products with new functions and designs, and this is not an easy task. With MBI's excellent and professional R&D staff, the Company continues to exert pressure on second-tier manufacturers in Europe and the U.S. With the gradual expansion of the Company's product line, investment in marketing resources and enhanced services, the Company will be able to gradually enter the international market in time.

B) Domestic Competitors

There are not many competitors for biomedical materials in Taiwan, and the strength of product development is not as good as that of MBI. It is not easy to enter the international market. For many years, Taiwanese medical equipment manufacturers have been limited to price competition in the narrow market in Taiwan, which is very difficult. With the rapid rise of China's economy in recent years, the Chinese people are gradually paying attention to the quality of medical care, and the potential of the domestic market is huge, which is a business opportunity for Taiwanese manufacturers to come back from the dead, and in recent years many Taiwanese enterprises have developed the market in China and have good performance. MBI's medical materials business started from the export of FormaGraft® to the United States in 2007. It is a new entrant in the market. In the past few years, it has focused on the construction of core capabilities that are in line with international standards. Products such as ViscAid Cohesive Ophthalmic Viscoelastic, Formaderm Dermal Filler Injection, and HealiAid Collagen Wound Dressing have been launched one after another, and the future development in mainland China should be expected.

Before 1990, Taiwan did not develop collagen production technology, and all related products were imported from Europe and the U.S. As domestic manufacturers are optimistic that the aging society is approaching, biomedical material products such as artificial joints, bones and femurs have great potential for development. Other private companies, public or former public enterprises such as Taiwan Fertilizer Corporation, Taiwan Sugar Corporation, Taiwan Salt Corporation and Taiwan CNPC have also entered this industry with their existing technological advantages.

D. Cosmetic skincare products

Analysis of the domestic market, Taiwan's cosmetics imports of the top five countries are Japan, France, the United States, South Korea, China, more particularly in recent years, South Korea's cosmetics imports have climbed, and the proportion is increasing year by year. Although the consumer market has long been dominated by international brands, slight changes in consumer purchasing behavior can still be detected in recent years, one being the disappearance of brand hierarchies, brand mix and match, blurring the distinction between high- and low-priced markets, and a gradual decline in the market share of international brands. The second is the emergence of small brands, causing market fragmentation. These trends are an opportunity for domestic brand operators and OEMs to develop products with brand power and merchandising power to help make the domestic cosmetics market more robust.

As a result of the industry's active investment in research and development to capture overseas markets, exports have exceeded US\$600 million in each of the past four years, reaching a record high of US\$730 million in 106, with an annual growth rate of 13.2%, a remarkable performance. In terms of export markets, Mainland China is the main export market for the cosmetics industry due to the rise of the economy and the increase in consumption power, with US\$420 million (56.7%) to China, US\$80 million (10.9%) to the United States and US\$70 million (8.9%) to ASEAN in 2017. By export category, US\$420 million of cosmetics exports accounted for 57.2% (+22.2% y/y) of the total, followed by US\$250 million of cosmetics exports accounting for 33.5% (+5.5% y/y). The rapid growth of skin care products last year was mainly due to the compliance of mask manufacturers with the regulatory requirements of importing countries and international certification, as well as the high-cost performance and unique materials of the products, and the innovative marketing model, which led to the international popularity.

(3) Technology and R&D overview

A. Technical Level and Research Development of the Business

a. Biomedical materials

1) R&D Operation

Most of the biomedical products are used in the human body, and there are strict regulations on the R&D, production, quality control and sales of medical products around the world. The development process of our biomedical products follows the quality management system regulations such as GMP, ISO 13485 and FDA Quality System Regulation (QSR) of Taiwan Department of Health. Product development is

aimed at realizing medical device product innovation, increasing clinical effectiveness and reducing production costs in order to achieve product competitiveness.

MBI's high quality biomedical research and development team has academic backgrounds in chemical engineering, medical engineering, materials science and biotechnology, and extensive experience in medical product development. Starting from the core technology of biopolymer materials, the Company has been developing a number of second-grade and third-grade medical products for tissue repair and filling functions. In addition, the R&D team is able to proactively understand the trend of the medical materials industry and actively focus on the application areas of various disciplines to develop higher value medical materials products through market demand and feedback. In addition to dentistry, orthopedics, ophthalmology, general surgery, and medical aesthetics, we have also invested a lot of R&D resources to actively expand into urology, obstetrics and gynecology, ear, nose and throat, and other medical material products.

MBI has invested in more than 20 R&D personnel, 90% of whom have a master's degree or above, and have considerable experience in medical material product development, and our annual R&D expenditure accounts for more than 10% of our total revenue.

2) Current progress and future work

Item	Current progress	Future work
Global Exhibition Certificate for Joint Injection	<ul style="list-style-type: none"> • Applications for registration in Malaysia, Indonesia, Philippines, Vietnam, Australia and India have been submitted. • The Company has obtained marketing approval for one dose joint injection in Malaysia and Indonesia. 	<ul style="list-style-type: none"> • Obtained marketing approval in the Philippines, Vietnam and India. • Registration planning and execution of new markets in the Middle East and Africa
New joint injections	<ul style="list-style-type: none"> • Market research and development direction. • Technology inventory and registration planning. 	<ul style="list-style-type: none"> • Candidate formulation establishment and differentiation analysis. • Planning and execution of pre-clinical testing. • Product launch roadmap
New medical fillers	<ul style="list-style-type: none"> • Market research and development direction. • Technology inventory and registration planning. 	<ul style="list-style-type: none"> • Candidate formulation establishment and differentiation analysis. • Planning and execution of pre-clinical testing. • Product launch roadmap
Injectable anti-adhesive filler	<ul style="list-style-type: none"> • Market research and development direction. • Candidate formulation establishment and differentiation analysis. 	<ul style="list-style-type: none"> • Planning and execution of pre-clinical testing. • Taiwan registration planning and execution.
New resorbable bone material with osteoconductive properties	<ul style="list-style-type: none"> • Implemented the Ministry of Economic Affairs A+ Enterprise Innovation and R&D Cultivation Program (Forward-Looking Technology R&D Program). • Complete pre-clinical tests. 	<ul style="list-style-type: none"> • Planning human clinical trial. • Product launch roadmap

b. Technology Source

Maxigen Biotech Inc. was established in 1998, and first set up a technology R&D center in California, USA to research and develop collagen purification process technology, and then introduced collagen purification technology and mass production process to Taiwan by “whole factory imports and technology transfer” mode, and set up a production factory. MBI focuses on the application of collagen and hyaluronic acid as advanced medical materials. MBI is one of the few medical material companies that have both collagen and hyaluronic acid product development technology and mass production. The Company has had breakthroughs and innovations in biotechnology research and development and have accumulated 14 patents, including 8 patents in the Republic of China, 2 patents in the United States, and 4 patents in the People’s Republic of China. According to this patented technology, MBI has established five core technologies for research and development, including collagen extraction and reconstruction, collagen ceramic compounding and shaping, calcium phosphate synthesis and sintering, hyaluronic acid cross-linking, and custom product development and OEM.

In addition, through the application and implementation of government subsidy programs such as the Ministry of Economic Affairs’ Forward-Looking Technology Development Program and the Ministry of Science and Technology’s Industry-Academia Cooperation Program, the Company has been able to establish key product technology platforms such as hyaluronic acid cross-linking with the most efficient investment of resources. MBI also has experience in technical cooperation with NuVasive and Exactech in the U.S., as well as experience in on-site factory inspection by the U.S. FDA and experience in planning a new factory in the Hua-Ya Science Park in Lin Kou. The Company has gradually built-up complete capabilities in developing the biomedical materials industry, including core competencies in product development, production development, instrumentation validation, factory planning, production management and international certification. Currently, MBI is expanding the cooperation with domestic and foreign research institutions to strengthen the Company’s technical capabilities in biomedical materials, and believe that the Company will become a benchmark biotech company in Taiwan.

c. Technical Cooperation

The biotechnology and pharmaceutical industry is an industry with a high proportion of research and development, and the biotechnology and pharmaceutical industry in Taiwan started late and the market size is also small. It is difficult to develop internationally competitive products in the short term based on the conditions of domestic enterprises alone. Therefore, the Company actively cooperates with international medical material companies such as NuVasive and Exactech to provide staff with more opportunities to discuss and learn from international teams. In 2009, before MBI was inspected by the U.S. FDA, many personnel from NuVasive’s quality control department were stationed to help MBI staff improve their deficiencies and rehearse preparations, which greatly contributed to the improvement of the Company’s core competencies such as product development, process validation and auditing. In addition, the Company also actively engaged in industrial-academic cooperation with

outstanding academic research institutions and medical schools in Taiwan, in the hope that the research and development capabilities of the academic and medical fields in Taiwan can be implemented in the development of Taiwan's biotechnology industry. In the past five years, units that have established industry-university cooperation with MBI include National Taiwan University, Tsinghua University, National Cheng Kung University, National Taiwan University School of Medicine, and National Cheng Kung University School of Medicine. The collaboration with the College of Dentistry of National Taiwan University and the College of Osteopathic Medicine of National Cheng Kung University has established a number of models for evaluating the efficacy of products in animals and designing products for clinical use, which has greatly contributed to the development of the clinical usefulness of the Company's medical products.

B. Investment and development of successful technologies or products

a. Research and development expenses for the most recent year:

In 2021, the Company invested NT\$75,681 thousand in research and development (R&D), and the ratio of R&D expenses to operating revenues was 15% and expect to continue to invest at least NT\$70 million per year starting in 2012. The following table shows the information for the past years:

Unit: NT\$ thousand

Year	2017	2018	2019	2020	2021
R&D Expenses (A)	43,310	50,672	66,862	69,150	75,681
Net Operating Revenues (B)	427,561	427,680	452,199	457,691	511,976
Ratio (A)/(B)	10.13%	11.85%	14.78%	15.11%	14.78%

b. Successful technology or product development of the most recent year:

1) Research and development results of government-sponsored projects

In 2001-2004, the Company received a subsidy of NT\$14,880,000 from the Ministry of Economic Affairs for the "Collagen Tissue Engineering Application Technology Development Project" and a corporate capital contribution of NT\$33,090,000. During the implementation of this program, MBI established a collagen application technology platform and completed the product development of FormaGraft Collagen Bone Graft Matrix, and obtained marketing approval from the U.S. FDA and Taiwan TFDA one after another. In 2007, NuVasive acquired Radius, the U.S. distributor of MBI's FormaGraft, for US\$16 million. In addition to entrusting the Company to continue manufacturing FormaGraft, NuVasive also invested US\$3 million in MBI and cooperated in the development of second-generation products. In 2007, MBI was awarded the Small and Medium Enterprise Research and Innovation Award by the Ministry of Economic Affairs and the First Biomedical Industry Competition by the Science and Technology Advisory Group of the Executive Yuan/Times Foundation for the development of FormaGraft. In addition, another product derived from this technology platform, GingivAid Collagen Bone Graft, was approved by the TFDA in Taiwan in 2011, successfully entering the dental bone filling material market. MBI is currently in the process of obtaining marketing approval for

GingivAid in the US FDA, EU CE and China. In terms of economic benefits, at this stage, when MBI is new to the medical materials market and has not yet invested a lot of marketing resources, FormaGraft and GingivAid have already generated an annual turnover of over \$40 million, and with the gradual development of the international market in the future, it is believed that they will generate even higher contributions.

From 2008 to 2010, the Company received a subsidy of NT\$21,600,000 from the Ministry of Economic Affairs for the “Injectable Bone Filling Material Application Technology Development Project,” with a capital contribution of NT\$38,400,000 from MBI. During the implementation of the project, the Company successfully established a cross-linking technology platform for Hyaluronic Acid. This technology platform has also successfully developed the Formaderm Dermal Filler Injection, a product whose functional properties, such as in vivo degradation time, thrust properties and viscoelastic properties, are significantly ahead of domestic products and even comparable to Restylane (70% market share in Taiwan), a product of Q-Med, a major international manufacturer. The Company has already obtained the marketing approval in Taiwan in April 2012 and in China in April 2016, and the EU certification is under application. Due to the large global market for skin fillers, this product will bring huge potential profits to MBI after receiving international certification. The Company has been using this technology platform to develop a number of other new products related to skin filling, and now this series of products are being launched one after another to establish a more complete product line to enhance the competitiveness of MBI’s products and brand image.

To continuously improve the Company’s core competency in biomedical materials, in 2010, the Company hired Dr. Song-Cun Liu, a medical materials expert who stayed in the U.S., as a consultant to help build core competency in calcium phosphate bioceramics. Dr. Liu worked for Biomet, a major medical materials manufacturer in the US, and has 30 years of experience in medical materials research and development. In 2011, the Company was awarded a grant from the Ministry of Economic Affairs to implement the “Absorbable Calcium Phosphate Ceramics and New Calcium Phosphate Bone Cement Product Application Technology Development Project.” To date, the project has successfully established a technology platform for absorbable calcium phosphate ceramics and high-strength calcium phosphate bone cement, and has filed nine patent applications in Taiwan, China, and the United States. The first product derived from this program, MaxiBone Calcium Phosphate Ceramic, and the second product, Formasetin Bone Void Filler, have both been approved by the TFDA and are already available for sale in Taiwan. These two products not only have good operational quality, but also have superior compressive strength compared with similar products. Their performance is not only ahead of domestic products, but also can compete with products of international manufacturers, which has huge market potential in the future.

In terms of new and innovative biomedical products, the Company has formally launched the development of drug-containing medical materials. The Company’s “Development Project of High-end Implantable Composite Medical Materials Containing Osteogenic Substances” was approved by the Ministry of Economic

Affairs' A+ Enterprise Innovation R&D Cultivation Program (Forward-Looking Technology R&D Program) in August 2018 and received NT\$43.2 million in subsidies. It is expected that the preclinical testing will be completed in three to four years, and the product will enter the human clinical trial and product testing and registration stage, deepening the product technology and product line, and creating new innovative biomedical products with global competitive advantages.

2) System product development results

In addition to the Ministry of Economic Affairs (MOEA) subsidized industrial science project, the Company continues to invest in research and development to establish a more complete core technology and product line, such as ArtiAid Intra-articular Injection and ViscAid Ophthalmic Viscoelastic, of which ArtiAid is the first generation of five-dose injections (5 injections in a course of treatment) for joint injection. In order to further improve user convenience and to meet the needs of the international market, the Company has also completed the launch of ArtiAid-Plus Intra-articular Injection, the second generation of a three-injection (three injections per treatment), and ArtiAid-Plus Intra-articular Injection, the third generation of a one-dose injection (one injection per treatment). At present, ArtiAid, ArtiAid-Plus and ArtiBest have obtained the marketing approval of TFDA in Taiwan and CE in EU one after another, and have been sold in Taiwan, Southeast Asia and EU. For ophthalmic products, the Company has launched ViscAid Ophthalmic Viscoelastic, a post-operative (cohesive) ophthalmic product, which has been sold in Taiwan, the PRC and Southeast Asia; in addition, the Company has also developed a pre-operative (dispersive) ophthalmic product, PreviscAid Ophthalmic Viscoelastic, which has been sold in Taiwan and Indonesia.

(4) Short-Term and Long-Term Development Plans

A. Short-Term Development Plans

a. Marketing Strategy

The Company is actively expanding our domestic channels to increase the visibility and exposure of our products, and are actively developing our collagen series skincare products and medical products business.

- 1) From 2021 to 2022, the Company was actively involved in the Orthopedic Medical Association, the Spinal Surgery Association, the official management of Line, and the revamping of the official website.
- 2) For the promotion plan of medical beauty products on the Little Red Book, the content covers more than 100 thousand fans and big V bloggers publishing grass diaries, on-site store visits and promotion activities; accurate positioning and promotion of keywords and content for online information; for Baidu, etc., Q&A information related to product keywords on mainstream Internet search platforms.
- 3) The Company plans to cooperate with relevant training platforms or academic platforms to launch online product training or other content training.

- 4) Looking for healthcare professionals to train and collaborate with for academic articles and personal IP promotion programs, as well as product targeted training and promotional organizations.
- 5) The MBI public website was organized and operated, and targeted academic and informative articles began to be published one after another.
- 6) Try live classes with the Company's partners to discuss products and the latest information in the industry to enrich the content and increase the attention.
- 7) Discuss with potential partners about academic cooperation, including academic discussions, academic papers, academic interactions and academic marketing activities not limited to KOL for products.

b. Production Strategy

In order to meet the demand for flexible production and shipment, our production capacity utilization plan is as follows:

- 1) Flexibility in the use of existing production lines to build up a basic safety stock of major products while producing ordered products. In addition to providing ample production capacity, the Company can also meet customers' needs for flexible production and delivery.
- 2) Strengthening process improvement, process management and equipment maintenance, and quality control to stabilize product quality, reduce costs and reduce re-work and scrap rates.
- 3) Actively seek high quality raw material suppliers and outsourced testing service providers, and maintain good interaction with them to reduce procurement risks and costs and improve the quality of testing services, so as to achieve the goal of establishing stable production lines and producing safe and reliable products.

c. Operational Management

Strengthen training, enhance professionalism and work philosophy, recruit and cultivate outstanding talents, and increase team cohesiveness.

B. Long-term Development Plan

a. Marketing Strategy

Actively expand the business units and will establish three main business teams with about 30~40 people, namely, the Taiwan direct sales team, the China business team, and the foreign business team, to actively open up the worldwide market.

- 1) Develop a rapidly developing short-term product base derived from core technologies to build revenue base in line with channel attributes.
- 2) Actively expand overseas channels of orthopedic and dental biomedical products and extend dental and ophthalmic products to the Chinese market.
- 3) Establish own brand name and further develop the medical supplies market in China.
- 4) Continue to expand core capabilities and capital, acquire new items through mergers and acquisitions and build intellectual property value.
- 5) Development of new products with high added value and high barriers of entry.
- 6) Establish strategic alliances for new channels to enter new industries.

b. Production Strategy

- 1) Continuous implementation of automated machinery to improve production efficiency, quality management system and international alignment to enhance product quality commitment and reduce manpower.
- 2) Customer (market) oriented production process arranged to effectively shorten the production schedule and reduce the inventory stock.
- 3) Manage production processes to reduce costs, improve quality and create product value.

b. Operational Management

With the expansion of the Company's business, the marketing of our products will be extended globally in the future. In terms of management, the Company will authorize the development of each business unit and coordinate with each other immediately through network links. In terms of finance, the Company will strengthen the control of exchange rate risk and use capital to operate in a prudent manner, with the aim of internationalization, industrial division of labor, vertical integration and horizontal development of the Company's business objectives.

2. Market, production and sales overview

(1) Market analysis

A. Target Region:

Unit: NT\$ thousand; %

Sales Region \ Year		2020		2021	
		Sales revenue Net amount	Percentage of net sales revenue	Sales revenue Net amount	Percentage of net sales revenue
Overseas Customer	Americas	147,965	32.33%	165,014	32.23%
	Europe	40,127	8.77%	40,859	7.98%
	Asia	60,895	13.30%	90,536	17.68%
	Others	19,026	4.16%	15,242	2.98%
	Subtotal	268,013	58.56%	268,013	60.87%
Domestic Customers		189,678	41.44%	200,325	39.13%
Total		457,691	100.00%	511,976	100.00%

B. Market share

The Company's main product, intra-articular injections, is estimated to have a market share of approximately 25% in Taiwan based on the analysis of the usage of special materials by the Central Health Insurance Agency of the Ministry of Health and Welfare in 2020. As for collagen-related products for cosmetic and medical use, the collagen industry in Taiwan is a small and medium-sized enterprise, and because the international market is closed to the collagen industry, effective statistics and analysis are not possible.

C. Market supply and demand situation and growth in the future

a. Stable demand in the medical market:

According to a new report on the biotechnology industry by The Business Research Company, the global market for medical materials will reach US\$456.9 billion in 2019, with an average compound annual growth rate (CAGR) of 4.4% from 2015. Although global growth is expected to stagnate slightly in 2020 due to the impact of COVID-19, the expected market performance trend is expected to grow at a compound annual growth rate of 6.1% to US\$603.5 billion from 2021 to 2023 as underlying demand remains and the global medical market gradually recovers.

Take the domestic market as an example, Taiwan's overall medical device market demand can be divided into two major levels. The first is the demand for medical care linked to the health insurance system and Long-Term Care 2.0, which is related to epidemiology, the number of people suffering from diseases and the number of people requiring care for long term care, and this demand is growing steadily. The second is self-funded quality of life demand, related to orthodontics, medical aesthetics and self-funded medical care, which is closely related to personal affordability and economic development. The changes in demand for medical devices in Taiwan over the years are mainly related to the aging and increasing demand for medical care for chronic diseases, and the long-term demand is growing steadily.

b. Aging Market Growth:

According to the US Census Bureau, 8.5% of the world's population, or more than 600 million people, will be over 65 years old by 2050, and 1.6 billion people, or 17%, will be over 65. The global average life expectancy is estimated to increase from 68.6 years in 2015 to 76.2 years, and the number of "super old" people over 80 years old will increase from 126.5 million in 2015 to 446.6 million. It is estimated that the future growth of the medical materials market will be greatly influenced.

According to the National Development Council of the Republic of China's population projection query system, the country became an aging society in 1993, became an aging society in 2018, and is projected to become a super-aging society in 2025. The number of people over 85 years of age in Taiwan accounts for 10.3% of the elderly population and is expected to increase to 27.4% in 2070. The aging population is not only a social problem in Taiwan, but also a global issue. Therefore, the demand for anti-aging beauty products and assistance for diseases caused by aging is also increasing. For example, degeneration of joint cartilage or degenerative arthritis caused by aging or damage to joint cartilage is one of the cases where effective medical treatment is the only way to reduce discomfort and maintain the health of the patient. The growing number of senior citizens has increased the demand for long-term care services. With the official launch of the Long-Term Care 2.0 policy in January 2017, its objectives hope to bridge the front-end of preventive care, vital aging, and disability reduction, promote the health and well-being of the elderly, enhance the quality of life of the elderly, and promote the improvement of overall medical standards.

c. Medical Beauty Market Drivers:

With the improvement of living standards, beauty has become more and more important to people, and the medical cosmetic industry has emerged as a result. Plastic surgery such as pulse light, electrophoresis, and laser blemish removal have sprung up, along with therapeutic beauty care products and post-surgical skin care products. With a background in biomedical science, MBI is well positioned to enter the medical aesthetics industry.

D. Competitive niche

a. High safety of raw material

The Company uses collagen raw material, beef tendon, which is mainly sourced from New Zealand and Australia, which is not a BSE (bovine fever) infected area as announced by the World Health Organization, and the risk of BSE is extremely low. The Company's collagen process is virus-free and effective collagen manufacturing process is virus-free and validated to ensure the safety of our raw materials.

b. Good functionality of raw materials

The Company's collagen purification technology is high and can be made into soluble collagen and fibrous collagen, and can control the length of fibrous collagen, so that the Company has a variety of raw material specifications to choose from, so it can develop different products according to the design of the use of functions and characteristics to develop the most perfect product functions and meet the clinical needs.

c. Excellent product quality

The collagen production process may be damaged by inadequate extraction technology or high temperature of the process, resulting in the original structure of collagen cannot be obtained intact, the company's process is mature to obtain low pyrogen (endotoxin) and better anti-cellulite decomposition ability of collagen materials.

d. Effective cost management

Since the Company's medical grade collagen process is suitable for mass production, the quoted price of the Company's collagen is significantly lower than the quoted price of international medical grade implantable collagen, and the industry is unable to significantly improve its cost structure in the short term.

e. Highly recognized by the international market

The Company's products have been sold in the U.S. for many years without any clinical adverse events, and passed the routine FDA inspection in October 2020. The Company's medical factory has also passed the inspection and visit of major European and American manufacturers, which shows that the international market is highly affirmative of the Company's product quality and production process.

f. High technical integration capability

As the Company has the ability to produce raw materials in-house, it can effectively master the key raw materials and technologies in the upstream, midstream and downstream. The Company's high technology integration capability and experience can be effectively applied to the research and development, production and quality control of new products, which makes it highly competitive compared to its peers.

E. Advantages, Disadvantages and Countermeasures of Developing Prospects

a. Favorable factors

1) Better production technology and equipment than the industry

Since some hyaluronic acid products cannot be sterilized after being made into end products, the Company has developed a set of aseptic and automatic production system and equipment, which is more complete than domestic counterparts in terms of product technology in the laboratory and production practice technology in the factory, so that the Company can maintain the stability of product quality and function. For collagen, the production parameters are adjusted to control the degradation time, hemostasis rate, and the ability to induce tissue regeneration.

2) Quality system with domestic and foreign certification

A) Taipei Biomedical Factory is GMP and ISO 9001/13485 certified by the Department of Health.

B) The Tainan Skincare Products Factory was awarded the voluntary GMP and international ISO22716 certification by the Department of Health.

C) Biomedical factory passed US FDA and Korea KFDA inspection.

3) Biomedical products are recognized

Formagraft collagen-ceramic composite bone filler was marketed in the U.S. and received the Innovation Research Award from the Ministry of Economic Affairs and the First Taiwan Biomedical Industry Selection Competition Award from the Executive Yuan.

4) Strategic Alliance of International Manufacturers

NuVasive, a NASDAQ-listed company, is the exclusive distributor of our biomedical product Formagraft in North America, the European Union, Australia and New Zealand. NuVasive Corporation made a cash equity investment in the Company, making the Company the first U.S. listed company to invest in medical materials in Taiwan. The strategic alliance with NuVasive is very helpful for the Company to develop the biomedical market in the Americas and improve product quality.

b. Unfavorable factors:

1) There are many cosmetic manufacturers and the market is highly competitive.

The cosmetic products include skin care, hair care and sunscreen products, etc. The products come from not only the world's major manufacturers, but also from small regional manufacturers, making the cosmetic market highly competitive.

Action Plans:

A) Emphasis on after-sales service to build long-term relationships with OEM/ODM customers, consolidate existing customers, and enhance the development of new customers.

B) Production reaches economic scale to obtain bargaining advantage in raw material procurement and to reduce production cost by improving production efficiency to enhance price competitiveness.

C) MBI is a leader in developing new products and high margin products to reduce the low-price competition of mature products.

D) After joining the TCI Group in July 2021, MBI will reorganize its skincare products business in order to focus on resources. The Tainan skincare products factory will be transformed into the PetFoodfactory and the skincare products OEM orders will be transferred to the S11 Eco Facial Mask factory of TCI.

b. Medical materials take a long time to obtain international certification

After the U.S. Congress passed food and drug regulations in 1976, biomedical materials were required to undergo rigorous in vitro and animal testing, and then clinical testing before they could be marketed. Because of the fierce market competition in Europe, the United States and Japan, it is necessary to obtain the certification of the local country before sales, during which the cost of capital and time invested is expensive.

Action Plans:

1) The Company strictly controls the production process, and the process is in line with international quality management standards.

2) The Company actively cooperates with academic research and development institutions to develop new technologies and products, effectively grasps key technologies and patents, obtains good clinical data and product usage verification report documents, and improves product advantages.

3) Medical materials products actively global certification layout, certification time 1 ~ 5 years has been the medical materials industry cannot avoid the problem, so the earlier the layout will be relatively more advantageous. In the second half of 2021, the Company will work with CRO companies to deliver several medical material certifications, which will get results in 2022~2025.

(2) Main product applications and production process:

A. Important Applications of Main Products

The Company's biomedical materials can be divided into three categories according to material types: biopolymers, bioceramics and composites, which are mainly used for implantable orthopedic fillers. Currently, biomedical materials are not only used in traditional medical devices, but also used in tissue engineering materials development. The purpose of tissue engineering is to replace the body parts caused by disease or trauma, to help the wound heal and improve the function of organs and tissues, to repair or replace defective or abnormal tissues and organs, etc. It is one of the research bases of regenerative medicine.

With a solid background in biomedical material manufacturing, the Company combines existing medical-grade collagen and hyaluronic acid with other active ingredients to develop cosmetic care products, including mask series (including various kinds of masks, such as biochemical fiber masks and pre-coated dry technology masks), skin cleansing series (including various kinds of cleansing gels, cleansing lotions and oils, make-up removing gels, lotions and oils), skin care series (including various kinds of lotions, emulsions, serums, creams, eye creams, exfoliators, sunscreen products) and body care series (including various body lotions, massage creams, slimming creams, essential oils), etc. In addition, the Company has also developed its own brand products such as BIOFLASH series, Dr. Neo and NeoRenee, which emphasize the absence of fragrance and alcohol additives that may cause skin allergy, and demand natural and environmental protection to protect consumers' sensitive skin.

B. Production process

The manufacturing facilities for the Company's medical devices and cosmetic care products are Good Manufacturing Practices (GMP) approved.

The medical device factory has passed ISO13485, Taiwan Ministry of Health and Welfare Food and Drug Administration Medical Device Good Manufacturing Practice (GMP), Korea Food and Drug Safety Department (MFDS) Medical Device Good Manufacturing Practice (KGMP) and US FDA Quality System Regulation (QSR). The Company's cosmetics factory has passed the international ISO22716 certification and Taiwan Voluntary GMP (equivalent to EU and ISO22716) certification. Under the relevant GMP regulations, the Company conducts strict quality control on the production of our products. From the incoming raw materials to the quality control inspection of the finished products, the Company make sure that all incoming materials, semi-finished products and finished products in the manufacturing process meet the established acceptance standards, so that all products can meet customer requirements.

(3) Supply of main raw materials:

Main Raw Materials	Supplier	Supply Status
Ceramic	Berkeley Advanced Biomaterials	Good
HA	Bloomage Bio	Good
Collagen	Debro	Good
Syringe	Becton Dickinson Singapore Branch	Good

(4) the names of customers who had accounted for more than 10% of the total amount of receipts (sales) in any one of the last two years and the amount and proportion of their imports (sales), and the reasons for their changes or changes:

A. Main Sales Customers

Unit: NT\$ thousand

Item	2020				2021				As of the end of 2022 Q1			
	Name	Amount	%	Relationship	Name	Amount	%	Relationship	Name	Amount	%	Relationship
1	Company A	51,288	11.21%	Investor with significant influence	Company A	77,908	15.22%	Investor with significant influence	Company A	28,062	22.77%	Investor with significant influence
2	Company B	50,909	11.12%	-	Company B	67,177	13.12%	-	Company B	19,401	15.74%	-
3	Others	355,494	77.67%	-	Others	366,891	77.67%	-	Others	75,798	61.49%	-
-	Annual Revenue	457,691	100.00%	-	Annual Revenue	511,976	100.00%	-	Annual Revenue	123,261	100.00%	-

The Company's main business is the manufacture and sale of skincare products and biomedical material products. Both Company A and B are biomedical material customers, and as they continue to develop and sell products to their customers, they continue to grow in foreign markets.

B. Main Importers

Unit: NT\$ thousand

Item	2020				2021				As of the end of 2022 Q1			
	Name	Amount	%	Relationship	Name	Amount	%	Relationship	Name	Amount	%	Relationship
1	Company C	25,983	16.97%	-	Company A	28,479	19.71%	Investor with significant influence	Company E	6,142	22.35%	Final parent company
2	Company D	20,292	13.25%	-	Company D	22,947	15.88%	-	Company A	4,704	17.12%	Investor with significant influence
3									Company D	4,318	15.72%	-
4									Company C	3,901	14.20%	-
5	Others	106,845	69.78%	-	Others	93,059	64.41%	-	Others	8,412	30.61%	-
6	Net import	153,120	100.00%	-	Net import	144,485	100.00%	-	Net import	27,477	100.00%	-

The Company's imports are based on different product line sources, and the main suppliers are raw material manufacturers of biomedical products. Company A, which had more than 10% of the total purchase amount in 2021, was mainly a supplier of ceramic materials to the Company, mainly due to the increase in demand for its products. In the first quarter of 2021, the new company E was added to supply semi-finished products for processing in response to the shipment demand of skincare products.

(5) Quantity of production in the last two years:

Units: thousand bottles; thousand pieces; NT\$ thousand

Production quantity value	2020			2021		
	Production Capacity	Quantity of Production	Sales	Production Capacity	Sales	Output value
Biomedical	1,800	1,220	181,199	1,800	1,637	240,363
Skincare products	20,000	5,288	112,472	10,000	2,459	76,222
Total	21,800	6,508	293,671	11,800	4,096	316,585

In 2021, the Company adjusted its product mix sales strategy to increase the proportion of sales of biomedical products

(6) Sales and production quantity in the recent two years:

Units: thousand bottles; thousand pieces; NT\$ thousand

Sales volume value	2020				2021			
	Domestic Customers		Overseas Customer		Domestic Customers		Overseas Customer	
Product Category	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Biomedical	614	133,547	605	180,003	594	159,858	899	255,016
Skincare products	1,173	56,131	4,769	88,010	911	40,467	3,162	56,635
Total	1,787	189,678	5,374	268,013	1,505	200,325	4,061	311,651

The Company's main products are beauty care products and biomedical products. The Company's beauty care products are mainly facial care products, medical care products and facial mask products, etc. The Company's biomedical products are mainly artificial bone fillers, hyaluronic acid related products and wound dressings, etc.

3. Employment Information

Year		2020	2021	As of March 31, 2022
No. of Employees	Management Staff	5	4	4
	Logistics Staff	19	18	20
	R&D Staff	24	24	20
	Salesperson	16	20	30
	Factory Staff	36	28	22
	Direct Staff	39	46	42
	Total	139	140	138
Average age		38.2	38.0	37.5
Average Years of Service		5.1	5.0	4.7
Education	Ph.D	5	4	4
	Master	25	31	31
	Bachelor	85	85	84
	Senior High School	20	16	15
	Lower than Senior High School	4	4	4

4. Environmental expenditure information

- (1) Losses suffered due to environmental pollution in the latest year and as of the printing date of the annual report (including compensation and environmental protection audit results for violations of environmental laws and regulations, with the date of sanction, sanction number, provisions of laws and regulations violated, contents of laws and regulations violated, and contents of sanction): None.
- (2) Future response policies (including improvement measures) and possible expenses (including the estimated number of losses, penalties and compensation that may occur if no response measures are taken): None.

5. Labor Relations

- (1) The Company's employee welfare measures, education, training, retirement system and its implementation, as well as the agreement between the employers and the employees, and the implementation of the employee's right protection.
 - A. Employee welfare measures, education, training and its implementation
 - B. In order to create a good and harmonious working environment, in addition to the various welfare measures required by the government, the Company also actively provides a number of measures to take care of employees.
 - a. Sound rules and regulations, such as promotion, reward and punishment, performance appraisal, attendance, leave, salary and other systems, are all clearly listed in the management rules and regulations. The management rules and regulations are formulated in accordance with the basic spirit of the Labor Standards Law for the purpose of taking care of employees.

- b. The year-end bonus is paid for 2.5 months, and the performance bonus will be added every quarter according to the performance situation.
- c. Employee gifts and coupons are issued on the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival and Labor Day.
- d. Provision of group insurance for each employee.
- e. In accordance with the law, the Company established an employee welfare committee, allocate welfare funds, and organize employee dinners, birthday parties, employee recreational activities, trips, year-end parties, and movie ticket distribution... To promote team cohesiveness.
- f. The Company provides parking spaces for motor vehicles and staff quarters for staff accommodation.
- g. Provide a delicious and healthy group meal for the staff and special meals or snacks at various festivals.
- h. Provision of breast-feeding rooms for gender equality.
- i. Annual employee health check-ups
- j. Encourage on-the-job training of staff.

C. Retirement System

In accordance with the provisions of the Company's retirement policy, employees who have served for at least 15 years and reached the age of 55 or have worked for at least 25 years, and those who have worked for at least 10 years and reached the age of 60, may apply for retirement; employees who have reached the age of 65 or are mentally or physically disabled and unable to perform their duties may be ordered to retire. The pension benefit is based on the number of years of service, and two bases are provided for each year of service for employees in the old system. However, for each year of service in excess of fifteen years, a base figure will be given, up to a maximum of forty-five base figures. For those who have not completed half a year, they are counted as half a year; for those who have completed half a year, they are counted as one year and are subject to the new labor pension system, the Company shall contribute 6% of their insured salary to their individual pension accounts on a monthly basis.

D. Interlabor agreement and various measures to protect employees' rights and interests

The Company adopts an open and two-way communication approach to the promotion of policies and understanding of employees' opinions, so as to maintain harmonious relations between employers and employees, and there is no problem of labor disagreement, and holds regular labor-management meetings to provide a platform for the exchange of opinions.

- (2) Losses suffered from labor disputes in the most recent year and up to the printing date of the annual report (including labor inspection results in violation of the Labor Standards Law, including the date of the sanction, the sanction number, the provisions of the law violated, the content of the law violated, and the content of the sanction), and disclose the estimated amount of current and potential future losses and measures to address them: None.

6. Important contracts

Contract Type	Signatory	Date of Contract	Main content	Restrictions
Supplying	US company	June 23, 2010 - June 22, 2025	The parties agree on the terms of purchase and sale of goods.	No significant restrictions
Contract Manufacturing	Taiwan Company	February 3, 2020 - December 31, 2030	Contract Manufacturing Agreement	No significant restrictions
Distribution	China company (202003270001)	February 26, 2020 - December 31, 2022	Product Distribution Agreement	No significant restrictions
Distribution	Taiwan Company(202101060003)	January 1, 2021 - December 31, 2022	Product Distribution Agreement	No significant restrictions
Distribution	Taiwan Company(202102180001)	November 1, 2020 - December 31, 2022	Product Distribution Agreement	No significant restrictions
Insurance	Taiwan Company	March 22, 2022 - March 31, 2024	Directors' liability insurance	No significant restrictions

VI. Financial Information

1. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years

(1) Condensed Balance Sheet

A. Condensed Balance Sheet (consolidated)

Unit: NT\$ thousand

Item	Year	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	As of March 31, 2022 (Note 2)
Current Assets		573,329	599,525	640,152	432,058	783,553	801,969
Property, Plant and Equipment		502,047	494,029	487,533	469,598	456,062	449,051
Right-to-use Assets		-	-	14,557	11,919	9,391	8,800
Investment Real Estate		8,983	8,952	8,921	8,890	8,859	8,851
Intangible Assets		2,714	2,585	2,236	1,673	1,830	1,680
Other Assets		16,907	30,366	32,087	32,332	5,489	4,166
Total Assets		1,103,980	1,135,457	1,185,486	956,470	1,265,184	1,274,517
Current Liabilities	Before distribution	82,983	292,389	321,950	86,584	116,068	102,052
	After distribution	93,826	344,253	376,133	142,851	193,067	179,051
Noncurrent Liabilities		224,744	89	12,219	9,659	7,398	6,802
Total Liabilities	Before distribution	307,727	292,478	334,169	96,243	123,466	108,854
	After distribution	318,570	344,342	388,352	152,510	200,465	185,853
Shareholder's Equity Attributable to Parent Company		796,253	842,979	851,317	860,227	1,141,718	1,165,663
Paid-in Capital		708,470	708,470	694,650	694,650	769,992	769,992
Capital Surplus		108,505	108,505	89,181	89,181	264,392	269,193
Retained Earnings (Accumulated losses)	Before distribution	15,546	62,226	70,417	79,381	110,295	129,710
	After distribution	4,703	10,362	16,234	23,114	33,296	52,711
Other Equity Interests		3,124	3,078	2,931	2,985	2,961	3,232
Treasury Stock		33,144	33,144	-	-	-	-
Non-Controlling Interest		-	-	-	-	-	-
Total Equity	Before distribution	796,253	842,979	851,317	860,227	1,141,718	1,165,663
	After distribution	785,410	791,115	797,134	803,960	1,064,719	1,088,664

Note 1: The financial information for the years 2017 to 2021 has been prepared in accordance with IFRS and has been verified by accountants.

Note 2: The financial information of March 31, 2022 has been prepared in accordance with IFRS and has been reviewed by accountants.

B. Statements of Comprehensive Income (consolidated)

Unit: NT\$ thousand

Item	Year	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	As of March 31, 2021 (Note 2)
Operating Revenue		427,561	427,680	452,199	457,691	511,976	123,261
Gross Profit		160,285	182,568	217,272	214,520	261,027	65,807
Operating Profit and Loss		21,048	46,188	65,621	61,105	89,947	13,141
Non-Operating Income and Expenses		4,353	11,120	7,174	15,631	7,519	12,480
Pre-tax Income		16,695	57,308	72,795	76,736	97,466	25,621
Net Income for Continuing Operations		15,787	57,055	60,111	63,311	87,667	20,547
Loss from Discontinued Operations		-	-	-	-	-	-
Net Income		15,787	57,055	60,111	63,311	87,667	20,547
Other Comprehensive Profit and Loss (after Tax)		913	514	91	218	293	271
Comprehensive Income		14,874	57,569	60,202	63,093	87,960	20,276
Net income attributable to owners of the parent company		15,787	57,055	60,111	63,311	87,667	20,547
Net income attributable to noncontrolling interests		-	-	-	-	-	-
Total consolidated profit or loss attributable to owners of the parent company		14,874	57,569	60,202	63,093	87,960	20,547
Total consolidated profit or loss attributable to noncontrolling interests		-	-	-	-	-	-
Earnings (loss) per Share		0.23	0.82	0.87	0.91	1.21	0.27

Note 1: The financial information for the years 2017 to 2021 has been prepared in accordance with IFRS and has been verified by accountants.

Note 2: The financial information of March 31, 2022 has been prepared in accordance with IFRS and has been reviewed by accountants.

C. Stand-alone Condensed Balance Sheet

Unit: NT\$ thousand

Item	Year	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Current Assets		568,601	594,401	635,385	425,755	778,755
Investments using the equity method		4,918	6,521	7,272	8,555	8,496
Property, Plant and Equipment		502,047	494,029	487,533	469,598	456,062
Right-to-use Assets		-	-	14,116	11,753	9,391
Investment Real Estate		8,983	8,952	8,921	8,890	8,859
Intangible Assets		2,714	2,585	2,236	1,673	1,830
Other Assets		16,805	30,313	31,936	32,313	5,510
Total Assets		1,104,068	1,136,801	1,187,399	958,537	1,268,903
Current Liabilities	Before distribution	82,833	291,301	320,233	85,131	115,067
	After distribution	93,676	343,165	374,416	141,398	192,066
Noncurrent Liabilities		224,982	2,521	15,849	13,179	12,118
Total Liabilities	Before distribution	307,815	336,082	336,082	98,310	127,185
	After distribution	318,658	336,082	390,265	154,577	204,184
Shareholder's Equity Attributable to Parent Company		796,253	842,979	851,317	860,227	1,141,718
Paid-in Capital		708,470	708,470	694,650	694,650	769,992
Capital Surplus		108,505	108,505	89,181	89,181	264,392
Retained Earnings (accumulated deficit)	Before distribution	15,546	70,417	70,417	79,381	110,295
	After distribution	4,703	18,553	16,234	23,114	33,296
Other Equity Interests		3,124	3,078	2,931	2,985	2,961
Treasury Stock		33,144	33,144	-	-	-
Total Equity	Before distribution	796,253	842,979	851,317	860,227	1,141,718
	After distribution	785,410	791,115	797,134	803,960	1,064,719

Note 1: Prepared in accordance with IFRS and verified by accountants.

D. Stand-Alone Statements of Comprehensive Income

Unit: NT\$ thousand

Item	Year	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Operating Revenue		423,663	425,731	449,838	455,279	511,304
Gross Profit		158,266	179,195	214,658	212,108	260,355
Operating Profit and Loss		34,316	46,920	65,241	59,774	90,161
Non-Operating Income and Expenses		17,621	10,007	7,276	16,604	7,239
Pre-tax Income		16,695	56,927	72,517	76,378	97,400
Net Income for Continuing Operations		15,787	57,055	60,111	63,311	87,667
Loss from Discontinued Operations		-	-	-	-	-
Net Income		15,787	57,055	60,111	63,311	87,667
Other Comprehensive Profit and Loss (after Tax)		913	514	91	218	293
Comprehensive Income		14,874	57,569	60,202	63,093	87,960
Net income attributable to owners of the parent company		15,787	57,055	60,111	63,311	87,667
Net income attributable to noncontrolling interests		-	-	-	-	-
Total consolidated profit or loss attributable to owners of the parent company		14,874	57,569	60,202	63,093	87,960
Total consolidated profit or loss attributable to noncontrolling interests		-	-	-	-	-
Earnings (loss) per Share		0.23	0.82	0.87	0.91	1.21

Note 1: Prepared in accordance with IFRS and verified by accountants.

(2) Independent auditors' names and their audit opinions

Independent auditors' names and their audit opinions for the past five years

Year	Name of CPA Firm	Name of CPA	Auditor's Opinions
2017	Deloitte Taiwan	Shu-Lin Liu, Jing-Chuan Shih	No Special Opinions
2018	Deloitte Taiwan	Shu-Lin Liu, Wen-Ya Xu	No Special Opinions
2019	Deloitte Taiwan	Shu-Lin Liu, Wen-Ya Xu	No Special Opinions
2020	Deloitte Taiwan	Shu-Lin Liu, Wen-Ya Xu	No Special Opinions
2021	PwC Taiwan	Ming-Chuan Hsu, Ping-Chun Chih	No Special Opinions

2. Financial Analysis within the Last 5 Years

(1) Financial Analysis within the Last 5 Years (in compliance with International Financial Reporting Standards, IFRSs)

A. Consolidated

Analysis item (Note 3)		Financial analysis for the last five years (note 1)					As of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial Structure	Liabilities to Assets Ratio (%)	27.87	25.76	28.19	10.06	9.75	8.54
	Long-term Fund to Property, Plant, and Equipment Ratio (%)	161.24	170.63	177.12	185.24	251.96	261.10
Liquidity	Current ratio (%)	705.08	205.04	198.84	499.00	675.08	785.84
	Quick ratio (%)	412.15	92.82	116.12	358.05	563.96	689.39
	Interest Coverage Ratio (%)	5.06	15.27	22.22	307.94	495.75	611.02
Operating Performance	Accounts Receivable Turnover (Times)	3.60	4.01	4.90	4.75	4.93	4.95
	Average Collection Days	101.38	91.02	74.48	76.84	74.03	73.74
	Inventory turnover (times)	2.19	2.04	2.02	2.07	2.45	2.56
	Accounts Payable turnover rate (times)	7.20	6.86	7.23	7.26	6.86	8.58
	Average Days Sales	166.66	178.92	180.69	176.32	148.97	142.58
	Property, Plant, and Equipment (Times)	0.85	0.86	0.92	0.95	1.10	1.08
	Total asset turnover (times)	0.39	0.38	0.39	0.42	0.46	0.44
Profitability	Return on Asset (%)	1.74	5.38	5.42	5.93	7.90	7.30
	Return on Equity (%)	2.00	6.96	7.10	7.39	8.75	8.03
	Pretax ratio to paid-in capital (%)	2.36	8.09	10.48	11.04	12.65	3.33
	Net income margin (%)	3.69	13.34	13.29	13.83	17.12	16.67
	Earnings per Share (NT\$)	0.23	0.82	0.87	0.91	1.21	0.27
Cash flow	Cash flow ratio (%)	49.62	58.66	29.33	85.92	101.31	56.61
	Cash Flow Adequacy Ratio (%)	14.71	31.34	64.62	146.17	179.26	192.56
	Cash Flow Investment Ratio (%)	3.75	17.01	4.28	1.97	4.60	4.32
Leverage	Operating leverage	2.89	1.97	1.81	1.87	1.59	1.50
	Financial leverage	1.24	1.10	1.06	1.00	1.00	1.00

Explain the reasons for the changes in the financial ratios in the last two years. (Exemption if increase or decrease is less than 20%)

1. The ratio of long-term funds to real estate, plant and equipment: The increase in capital was mainly due to the cash increase during the year.
2. Interest coverage ratio: This is mainly due to profit growth during the year.
3. Cash flow fair ratio: Due to the increase in net cash inflow from average operating activities over the past five years as the Company has steadily grown and gained profits over the years.

Note 1: The financial information for the years 2017 to 2021 has been prepared in accordance with IFRS and has been verified by accountants.

Note 2: The financial information of March 31, 2022 has been prepared in accordance with IFRS and has been reviewed by accountants.

B. Stand-alone

Analysis items (Note 3)		Year					
		Financial analysis for the last five years (note 1)					
		2017	2018	2019	2020	2021	
Financial structure (%)	Liabilities to assets ratio	27.88	25.85	28.30	10.25	10.02	
	Long-term capital to property, plant and equipment	161.24	170.63	177.87	185.99	253.00	
Liquidity	Current Ratio	686.44	204.05	198.41	500.11	676.79	
	Quick Ratio	411.23	92.53	115.92	358.99	566.39	
	Interest Coverage Ratio	5.06	15.18	22.30	324.63	503.06	
Operating Performance	Accounts Receivable Turnover (Times)	3.24	3.58	4.24	4.15	4.48	
	Average Collection Days	112.54	102.01	86.06	87.95	81.47	
	Inventory turnover (times)	2.25	2.09	2.04	2.07	2.45	
	Accounts Payable turnover rate (times)	7.13	6.88	7.27	7.27	6.79	
	Average Days Sales	161.93	174.71	179.19	176.32	148.97	
	Property, Plant, and Equipment (Times)	0.84	0.85	0.92	0.95	1.10	
	Total asset turnover (times)	0.39	0.38	0.39	0.42	0.46	
Profitability	Return on Asset (%)	1.75	5.38	5.41	5.91	7.87	
	Return on Equity (%)	2.00	6.96	7.10	7.39	8.76	
	Ratio to paid-in capital (%)	Operating Profit	6.62	9.39	8.60	9.39	11.71
		Pre-tax Income	8.04	10.44	10.99	10.44	12.65
	Net income margin (%)	3.73	13.40	13.36	13.90	17.15	
Cash flow	Earnings per Share (NT\$)	0.23	0.82	0.87	0.91	1.21	
	Cash flow ratio (%)	71.72	58.20	28.69	87.98	102.09	
	Cash Flow Adequacy Ratio (%)	(7.73)	35.93	62.36	133.07	114.25	
Leverage	Cash Flow Investment Ratio (%)	5.41	18.01	4.01	2.01	4.65	
	Operating leverage	2.20	1.94	1.81	1.89	1.59	
	Financial leverage	1.14	1.09	1.06	1.00	1.00	
<p>Explain the reasons for the changes in the financial ratios in the last two years. (Exemption if increase or decrease is less than 20%)</p> <p>1. The ratio of long-term funds to real estate, plant and equipment: The increase in capital was mainly due to the cash increase during the year.</p> <p>2. Interest coverage ratio: This is mainly due to profit growth during the year.</p>							

Note 1: The financial information for the years 2017 to 2021 has been prepared in accordance with IFRS and has been verified by accountants.

Note 2: The financial ratios are calculated as follows:

1. Financial structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant, and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Property, Plant, and Equipment

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets – Inventory - Prepaid Expenses) / Current Liabilities

(3) Interest Coverage Ratio = Income before Interest and Taxes / Interest Expense

3. Operating Performance Analysis

(1) Accounts Receivable Turnover (Times) = Net Revenue / Average Accounts Receivable

(2) Average Collection Days = 365 / Accounts Receivable Turnover (Times)

(3) Inventory Turnover (Times) = Cost of Sales / Average Inventory

(4) Accounts Payable Turnover = Cost of Sales / Average Account Payable

(5) Average Days Sales = 365 / Inventory Turnover (Times)

(6) Property, Plant, and Equipment Turnover (Times) = Net Revenue / Average Net Property, Plant, and Equipment

(7) Total Asset Turnover = Net Revenue / Average Total Assets

4. Profitability Analysis

(1) Return on Assets = [Net Income + Interest \times (1 - Tax Rate)] / Average Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Income Margin = Net Income / Net Revenue

(4) Earnings per Share = (Shareholder's Equity Attributable to Parent Company - Preferred Stock Dividends) / Weighted Average Outstanding Shares

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow From Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the past 5 years / (Capital Expenditure + Increases in Inventory + Cash Dividends for the past 5 years)

(3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Property, Plant, and Equipment + Long-term Investments + Current Assets + Working Capital)

6. Leverage:

(1) Operating Leverage = (Net Revenue - Variable Operating Costs and Expenses) / Operating Profit

(2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expense)

3. Audit Committee's Review Report for the most recent financial year

2021 Audit Committee's Review Report

The Board of Directors has issued the Company's 2021 annual report of operations, financial statements and proposal for distribution of earnings, among which the financial statements have been audited and a report issued by Wenya Xu and Shu-Lin Liu, Certified Public Accountants of Deloitte Taiwan. The above-mentioned business report, financial report and proposal for distribution of earnings have been examined by the Audit Committee and found to be in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2022 Annual Shareholders' Meeting of Maxigen Biotech Inc.

Maxigen Biotech Inc.

Chairman of the Audit Committee: Sung-Yuan Liao

March 21, 2022

4. The most recent annual financial statements, including an auditor's report, two-year comparative balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes or schedules:

Please refer to pages 139~194 of this annual report.

5. The consolidated financial statements of the parent and subsidiary audited by the CPA in the most recent year. However, it does not include a breakdown of significant accounting items:

Please refer to pages 195~250 of this annual report.

6. Financial difficulties, if any, encountered by the Company and its affiliated companies in the most recent year and up to the publication of the annual report, and its impact on the Company's financial status: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Conditions

- (1) Major reasons for and effects of significant changes in assets, liabilities and shareholders' equity during the last two years

Unit: NT\$ thousand

Item	Year	2021	2020	Change	
				Amount	%
Current Assets		783,553	432,058	351,495	81.35
Property, Plant and Equipment		456,062	469,598	(13,536)	(2.88)
Right-to-use Assets		9,391	11,919	(2,528)	(21.21)
Net Investment Property		8,859	8,890	(31)	(0.35)
Intangible Assets		1,830	1,673	157	9.38
Other Assets		5,489	32,332	(26,843)	(83.02)
Total Assets		1,265,184	956,470	308,714	32.28
Current Liabilities		116,068	86,584	29,484	34.05
Noncurrent Liabilities		7,398	9,659	(2,261)	(23.41)
Total Liabilities		123,466	96,243	27,223	28.29
Equity		769,992	694,650	75,342	10.85
Capital Surplus		264,392	89,181	175,211	196.47
Retained Earnings		110,295	79,381	30,914	38.94
Other Equity Interests		(2,961)	(2,985)	24	0.80
Total Equity		1,141,718	860,227	281,491	32.72

The main reasons for the significant changes (changes of 20% or more in the prior and subsequent periods, and changes of at least NT\$10 million) and their effects are analyzed as follows:

1. The decrease in current assets and the increase in capital surplus were due to the cash capital increase during the year.
2. The decrease in other noncurrent assets was due to the decrease in long-term prepaid expenses.
3. The increase in current liabilities was due to the increase in accounts payable.

- (2) If the impact is significant, the future response plan should be stated:

There is no significant impact on the Company's finance and business.

2. Financial Performance

- (1) Reasons for and effects of significant changes in operating income, net operating income and net income before income tax for the last two years.

Unit: NT\$ thousand

Item	Year	2021	2020	Change	
		Amount	Amount	Amount	%
Operating Income		511,976	457,691	54,285	11.86
Operating Costs		250,949	243,171	7,778	3.20
Gross Profit		261,027	214,520	46,507	21.68
Operating Expenses		171,080	153,415	17,665	11.51
Non-Operating Income and Expenses		7,519	15,631	(8,112)	(51.90)
Pre-tax Income		97,466	76,736	20,730	27.01
Net Income		87,667	63,311	24,356	38.47
Other Gains and Losses		293	(218)	511	174.40
Comprehensive Income		87,960	63,093	24,867	39.41

Recently, the annual change has reached more than 20%, and the amount of change has reached NT\$10 million or more:

1. The increase in gross profit, net income before income tax and net income for the current period was mainly due to the increase in gross profit as a result of the growth in operating revenues.
2. The decrease in non-operating income and expenses was mainly due to the salary and working capital subsidies received from the Ministry of Economic Affairs for the hardship business affected by Covid-19 in the previous year.

- (3) Expected sales volume and its basis, possible impact on the Company's future financial business and response plan:

The sales volume is based on the market demand, the customer's operation profile and our current order intake, as well as the scale of the Company's production capacity. The Company has also reviewed and improved its production capacity and purchase costs, which should be sufficient for future sales growth.

3. Cash Flow

(1) Liquidity Analysis within the last 2 years

Unit: NT\$ thousand

Cash Balance, Beginning of the Year (1)	Net Cash Inflow from operating Activities (2)	Net Cash outflows (3)	Cash Balance (Deficit) (1)+(2)-(3)	Source of Funding for Negative Cash Balance	
				Investment Plan	Financing Plan
209,762	117,593	(185,950)	513,305	-	-
2021 Liquidity Analysis:					
1. Operating Activities: Net inflow of \$117,593,000, mainly due to profit growth.					
2. Investment Activities: Net outflow of \$2,775,000 was mainly attributable to the acquisition of property, plant and equipment.					
3. Financing Activities: Net inflow of \$185,950,000, mainly due to cash increase during the year.					

(2) Plans to Improve Negative Liquidity: Not applicable.

(3) Projected Consolidated cash for 2021

Unit: NT\$ thousand

Cash Balance, Beginning of the Year (1)	Forecast Net Cash Inflow from operating Activities (2)	Forecast Net Cash Outflow (3)	Forecast Cash Balance (Deficit) (1)+(2)-(3)	Source of Funding for Negative Cash Balance	
				Investment Plan	Financing Plan
513,305	129,352	0	642,657	-	-
Analysis of changes in cash flow in the coming year::					
1. Operating activities: Net cash inflow from operating activities, mainly due to profit growth due to expected increase in revenue.					

4. The effect of major capital expenditure on finance in the most recent year

In order to achieve the goal of sustainable operation, the Company acquired the land in Lin Kou in June 2021 to build its own factory to further develop the biomedical industry. The factory floor area will be expanded from the existing 850 square meters to about 2,500 square meters, and a production line will be established for the biomedical material products developed by the company in the future to build a biomedical material factory that complies with GMP and FDA certification. The Lin Kou factory is now nearing completion and will be ready for use on July 2016. It is expected to expand the production capacity of existing products and increase the production of new developments.

5. Recent year's investment policy, the main reason for its profit or loss, improvement plan and investment plan for the next year

(1) Recent annual transfer policy

To invest mainly in companies related to the Company's industry and to establish strategic alliances.

(2) The root causes for the profit/loss gained from the investment in the most recent year and the improvement plans

Unit: NT\$ thousand

Description Items	2021 Amount of profit or loss	Policy	Major causes of gain or loss	Improvement Plan	Other future investment plans
Maxigen Biotech International Investment Corporation Limited	(1,226)	Transfer Investment Company	2021 Transfer Investment Company	None	None
Dingshi Trading (Shanghai) Co., Ltd.	(1,226)	Cosmetics sales	Marketing channel provisioning fees	Sales of biomedical products in China	None
HORAY INC.	(59)	Cosmetics sales	Foreign customer sales	None	None

(3) 2021 Investment plans: None

6. Risks and Assessments for the Latest Year and up to the Date of Publication of the Annual Report

(1) Effect of interest rate, exchange rate and inflation on the Company's profit and loss and future measures:

A. Impact of recent interest rate changes on the Company's profit and loss and future measures:

a. Effect on profit and loss

Under the Company's prudent and conservative financial principles, although the market interest rates have been at relatively low levels recently, the Company had no loans during the year, which did not have a significant impact on the Company. In the future, the Company will continue to pay attention to changes in domestic and international interest rates in order to grasp the future trend of interest rates in order to respond in a timely manner.

b. Future Measures

Although the impact of interest rates on the Company's profit and loss is not significant, the Company will continue to maintain good relationships with banks and keep abreast of changes in interest rates and adjust the terms and conditions of its bank transactions depending on the cost of funds of each bank.

B. Impact of recent exchange rate changes on the Company's profit or loss and future measures:

a. Effect on profit and loss

For the first quarter of 2021 and 2022, the Company recognized exchange gains and losses of \$(3,602) thousand and \$11,053,000, respectively. The Company adopts a conservative

and prudent principle, observes the general economic and political conditions both domestically and internationally, keeps track of exchange rate fluctuations and trends, reduces the risk of exchange losses, and increases the value of currency.

b. Future Measures:

- C. The financial unit maintains close contact with the foreign exchange departments of financial institutions to collect information on exchange rate changes at any time and to fully grasp the information on the trend and changes of domestic and foreign exchange rates in order to reduce the negative impact of exchange rate changes.
- D. When quoting to customers, the Company will consider the possible impact of exchange rate changes and adopt a more stable and conservative exchange rate as the basis for quotation, so that exchange rate fluctuations will have less impact on the profitability of the orders received.
- E. The Company opens foreign-currency deposit accounts with banks and maintains foreign-currency positions in response to the demand for foreign-currency funds, and adjusts its foreign-currency holdings in a timely manner in response to changes in exchange rates to reduce the impact of exchange rate fluctuations.
- F. When exchange rate fluctuations are large, other instruments are used to hedge exchange rate risk, such as buying and selling forward foreign exchange, to hedge exchange rate changes in a timely manner.
- G. Impact of recent inflation on the Company's profit and loss and future measures:

According to the General Accounting Office of the Executive Yuan, the total consumer price index (CPI) for FY110 was 107.14 (105=100), an increase of 4.3% from 2020. The Company will continue to monitor the trend of price changes of raw materials, and if there is an increase in the cost of goods due to inflation and other factors, the Company will adjust the sales price and inventory of raw materials appropriately and continue to look for multiple sources of supply in order to avoid the impact of cost increase pressure on profit or loss.

(2) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profit or loss, and future measures to address them:

- A. Loan of funds to others: None.
- B. Engaged in high-risk, highly leveraged investments, endorsement guarantees and derivative transactions: None.

(3) Future research and development plans and estimated investment in research and development

A. Biomedical Products

The Company's research and development program for biomedical devices will focus on the development of high value-added, implantable medical products. The key research and development projects include: joint injection series products, tissue filler series products, new artificial bone materials, injectable anti-adhesive fillers, etc. In total, the Company will invest approximately \$200 million in research and development over the next five years, including the construction of automated equipment, preclinical testing, clinical trials, and certification in various countries for each development project. The key products planned to be developed will not only have high unit price and high market competitiveness, but also

improve the quality of life of patients, which will enable MBI to become a biotechnology company supplying high-end implantable medical materials. Based in Taiwan and with an eye on the world, MBI will take a step forward in its vision of becoming an international biotechnology company.

MBI continues to devote resources to research and development of core technologies and develop advanced technology medical materials products to meet market demand. The Company continues to improve the quality management system and align it with international standards to enhance the quality control and risk management of our internal workflow so that the Company's products are well controlled during their life cycle.

- B. Commercialization of R&D, internationalization of channels.
- C. Develop in-house R&D talent and technology management capabilities.
- D. Research cooperation with domestic and foreign research institutes, mass production by the Company, and international marketing.
- F. Collect niche products with potential market from clinics and channels.
- G. Develop internationally and become a multinational R&D and management team.

(4) The impact of significant domestic and international policy and legal changes on the Company's financial operations and measures to address them:

The Company has not been affected by significant domestic or foreign policy and legal changes in the recent year, which had no significant impact on the Company's finance and business because the Company has taken appropriate measures to respond to significant domestic and foreign policy and legal changes, and therefore did not have a significant impact on the Company's finance and business.

(5) Impact of technological changes and industrial changes on the Company's financial operations and measures to address them:

The Company is constantly aware of the development and changes of the relevant biomedical technology and beauty care products in its industry and is able to keep abreast of the developments in the industry. Together with the continuous enhancement of research and development capabilities, the Company will actively expand the application of the relevant biomedical materials and medical beauty care products market in the future. Changes in technology and industry will not have a material impact on the financial business of the Company.

(6) Impact of corporate image change on corporate crisis management and response measures:

The Company's corporate image is based on integrity, not seeking illegal profits, and has established an image in the industry through professional research and development team and international business model. The Company's corporate image has so far been good and there has been no significant change in the management of corporate crisis.

(7) Expected benefits and possible risks of mergers and acquisitions:

The Company has no plans to acquire other companies in the latest year and as of the date of publication of the prospectus. In the event of future mergers and acquisitions, the Company will carefully evaluate and consider the combined effect of the merger to ensure the interests of the original shareholders.

(8) Expected duration of factory expansion and possible risks:

In order to achieve the goal of sustainable operation, the Company purchased land in Linkou in the middle of 2011 and built a factory building to further develop the biomedical industry. The factory floor area will be expanded from 850 square meters to 2,500 square meters in the existing five-unit factory. Production lines will be established for several biomedical products to be developed by the Company in the future, and new clean room areas of different levels will be added to meet the different requirements of the monitoring environment for each level of products. The Company moved into the Lin Kou plant in July 2016 and expects to expand our existing production capacity and increase production of new products.

The Company has prudently implemented its own plant construction plan. In addition to increasing capital to strengthen the Company's financial structure, the Company will also appoint a professional organization to jointly plan the project to avoid the risk of insufficient capital. In addition, due to the management team's rich experience in the industry and understanding of the industry's demand for products, the Company will modify the production items according to the factory environment and fully utilize the utilization rate of the newly built factory.

(9) Risks faced by the centralized purchase or sales and the countermeasures:

A. Risks faced by centralized purchase and the countermeasures

In recent years, the Company had about two single-vendor suppliers with purchase amounts higher than 10%, so the concentration of purchase is not obvious. The Company is still actively seeking spare vendors to establish sources of supply to reduce the risk of possible concentration of supply.

B. Risks faced by centralized sales and the countermeasures

The top five customers accounted for 39% of total sales in the recent year. The top five customers are all well-known companies, so there is no high credit risk, and the Company is still actively developing target customer sources, such as large brand names and medical material channel operators, as well as developing its own branded regional market channels and large projects to reduce the risk of concentration of sales.

(10) The impact of the massive equity transfer or exchange by the directors, supervisors, or shareholders holding more than 10% shareholding on the Company, the risk, and the countermeasures:

TCI Co., Ltd. acquired shares of the Company's common stock and re-elected directors and independent directors at the 2021 Annual General Meeting of Shareholders. The Company's revenue increased 12% in 2021 compared to 2020 and net income increased 38% in 2021 compared to 2020. The change in ownership has no negative impact or risk on the Company's operations.

(11) The impact of the changes in the ownership on the Company, the risk, and the countermeasures: The Company's revenue increased 12% in 2021 compared to 2020 and net income increased 38% in 2021 compared to 2020. The change in ownership has no negative impact or risk on the Company's operations.

(12) Litigation and non-litigation events. The Company's directors, supervisors, general managers, substantive principals, major shareholders and subordinate companies with a shareholding ratio of more than 10%, and the most recent major lawsuits that have been

determined or are still in the system, In the case of a non-litigation or administrative dispute, the result may have a significant impact on the shareholders' equity or the price of the securities. The facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings and the date of publication of the annual report shall be disclosed: None.

(13) Other Important Risks and Countermeasures:

A. Information Security Risk Evaluation:

The information management department has been established since the establishment of the Company in 1987.

The Company regularly evaluates information security risks every year and is subject to inspection and audit by external auditors and the Company's internal auditors. Information is regularly reported to the General Manager at the monthly management meeting, and the main points of the information security evaluation are as follows:

- a. information architecture inspection,
- b. network activity inspection,
- c. network equipment, server and terminal equipment inspection,
- d. website security inspection, and
- e. security settings inspection, the main evaluation items and specific management plans are described below:

1) Information Architecture inspection

A) Review the appropriateness of the actions taken in relation to ongoing operations: Examine the structure and maintenance mechanism of related measures for the risk of single point failure, and conduct risk analysis for the appropriateness of continuous business operation, such as ERP system and network equipment, and present the results and recommendations of information architecture security assessment.

B) Review the maximum impact and risk capacity of a single point of failure: Evaluate whether the impact is within the risk tolerance, and if not, discuss and implement improvement plans.

2) Network Activity View - review device access logs and account permissions

Review the access records, account privileges granted and monitoring mechanisms of network devices, information security devices and servers for compliance with internal control practices.

3) Network equipment, servers, terminals and other equipment testing - vulnerability scanning and repair operations

The policies of network equipment, servers and terminals are reviewed periodically or in a timely manner, and improvements and fixes are made to address any inappropriate policies found. Based on the results, the evaluation recommendations focus on identifying possible weaknesses and loopholes in the structure, improving and fixing them, and reducing the overall information security risk.

4) Website security testing - penetration testing for websites

The penetration test is divided into three steps: data collection, information analysis, and target penetration; the execution method simulates a hacker attack, using security testing tools to conduct penetration tests on websites with open external links to examine whether there are vulnerabilities and to fix them.

5) Security Settings View - Server Security Policy Settings

Regularly review the server (e.g., domain service Active Directory) settings regarding “password setting policy” and “account locking policy” to check whether the relevant domain security policy settings comply with internal control regulations through human work.

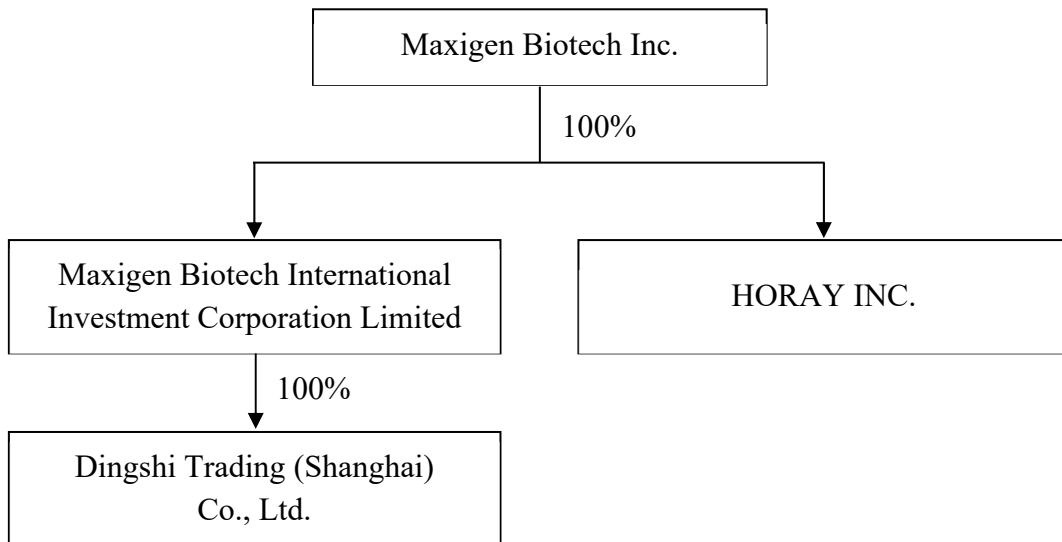
In 2018, external professional manufacturers were hired to conduct information security inspections, and systems such as firewalls and data backup were established. Information security course training was held on June 13, 2019 for 94 people and October 31 for 80 people. 100 people attended the information security course training from April 15th to 20th, 2020, and 110 people on October 14. On October 20, 2021, a total of 80 people took the information security course training, and an additional audit was conducted. In 2019 and 2020, there were no major flaws in the audit of information security risks.

7. Other Important Items: None.

VIII. Annotations

1. Information of the Company's Affiliates

(1) Organizational Chart



(2) Affiliates' Profile

Unit: NT\$ thousand; share December 31, 2021

Name	Relationship	Affiliate's Shares in the Company		Affiliate's Shares held by the Company		
		Shares	Shares %	Shares	Shares %	Actual Investment
Maxigen Biotech International Investment Corporation Limited	Subsidiary of MBI	-	-	2,230,000	100	72,276
Dingshi Trading (Shanghai) Co., Ltd.	Subsidiary investment	-	-	-	100	58,193
HORAY INC.	Subsidiary of MBI	-	-	500,000	100	5,000

(3) If a person is presumed to have a controlling or subordinate relationship in accordance with Article 369-3 of this Law, the following matters shall be disclosed:

There is no presumption of control or affiliation with the Company.

(4) The related enterprises shall explain the division of business between them:

Maxigen Biotech International Investment Corporation Limited is the holding company and Dingshi Trading (Shanghai) Co., Ltd., a subsidiary investment company, is a marketing hub in the region. Subsidiary, Horey, is engaged in the import and export of skincare products and packaging materials.

(5) The names of the directors, supervisors and general managers of each affiliated company and their shareholdings or capital contributions to the company:

Unit: Share December 31, 2022

Name	Title	Person or Representative	Shareholding	
			Shares	%
Maxigen Biotech International Investment Corporation Limited	Chairman	Sung-Chin Chen	2,230,000	100.00%
Dingshi Trading (Shanghai) Co., Ltd.	Chairman	Yung-Hsiang Lin	-	100.00%
HORAY INC.	Chairman	Yung-Hsiang Lin	500,000	100.00%

(6) Affiliated Company's Operating Results

Unit: NT\$ thousand; share December 31, 2021

Name	Main Business	Investment Cost	Carrying Value	Investment Shares		Net equity	Market Value	Accounting Method	Latest annual investment return		Amount of shares held in the company
				Shares	%				Investment Profit and loss	Distribution of dividends	
Maxigen Biotech International Investment Corporation Limited	Investment Business	72,276	-	2,230,000	100%	(4,722)	-	Long-term investments recognized under the equity method	(1,226)	-	-
Dingshi Trading (Shanghai) Co., Ltd.	Engaged in the wholesale of cosmetics and raw materials, skin care and hair care products, essential oils, perfumes and packaging materials	58,193	-	-	100%	(4,721)	-	Long-term investments recognized under the equity method	(1,226)	-	-
HORAY INC.	Engaged in the import and export business of cosmetics and their raw materials, skin care products, essential oils, perfumes and packaging materials	5,000	-	500,000	100%	8,496	-	Long-term investments recognized under the equity method	(59)	-	-

(7) Consolidated Financial Statements of Affiliated Companies

Statement of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the “Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated Companies and Related Party Reports” are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the previous consolidated financial statements of parent and subsidiary companies. The information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the consolidated financial statements of the former parent and subsidiary, thus will not prepare separate consolidated financial statements of affiliated companies.

Hereby declare

Company Name: Maxigen Biotech Inc.

Authorized Person: Yung-Hsiang Lin

March 21, 2022

2. Affiliate Consolidated Financial statements: Please refer to pages xxx to xxx.

(1) Affiliate Report: Not applicable.

(2) The status of issuing private placement securities in the most recent year and up to the publication of the annual report:

Private Securities Information

Item	2021 First private offering (Note 1) Date: August 6, 2021				
Type of private securities (Note 2)	Common stock				
Date and amount approved at the shareholders' meeting (Note 3)	Date: July 12, 2021 Amount: 7,534,235 shares issued				
Basis and reasonableness of pricing	<p>1. July 27, 2021 used as the pricing date for the private placement. In accordance with the pricing principle resolved at the shareholders' meeting, the higher of (1) the average of the closing prices of the common shares on one, three or five business days prior to the pricing date, less the ex-rights and dividends of the gratis allotment, plus the capital reduction anti-defeasance, or (2) the average of the closing prices of the common shares on 30 business days prior to the pricing date, less the ex-rights and dividends of the gratis allotment, plus the capital reduction anti-defeasance, shall be used as the reference price. The reference price is NT\$41.03.</p> <p>2. Taking into account the Company's operating performance, market conditions and the restriction of the Securities and Exchange Act that the private placement of marketable securities shall not be freely transferable within three years, the price of the private placement is set at NT\$32.83 per share, which is not less than 80% of the reference price and is within the authorization range of the resolution of the shareholders' meeting and should be reasonable.</p>				
Method of selecting specific person (Note 4)	Subject to Section 43 of the Securities Exchange Act and the relevant provisions of the Financial Supervisory Authority's June 13, 2002 (2002) Taiwan Certificate No. 0910003455.				
Reasons for private placement	The introduction of strategic investors will help enhance the Company's operational performance and market competitiveness, as well as strengthen the overall financial structure. The funds will be used for future operational development to meet the Company's long-term development needs. The introduction of strategic investors in this private placement will not result in any significant change in operating rights.				
Date of completion of payment	August 6, 2021				
Applicant Information	Private Placement (Note 5)	Criteria (Note 6)	Number of subscriptions	Relationship with the company	Involvement in the business of the company
	Formosa Biomedical Technology Corp.	Paragraph 3 of Article 43-6 of the Securities and Exchange Act	7,534,235	No-relationship	None
Actual subscription (or conversion) price (note 7)	NT\$ 32.83				
Difference between the actual subscription (or conversion) price and the reference price (note 7)	The price of the private common shares was \$32.83 per share, which was not less than 80% of the reference price of \$41.03 with no material difference.				
Effect of private equity on shareholders' equity (e.g., increase in accumulated losses...)	Private placement price exceeds par value per share and capital surplus increases.				
Private Placement Funds Utilization and Plan Implementation Progress	The overall financial structure has been improved and the plan has been implemented.				

Private Placement Benefits	The company's operating performance grew, with revenue increasing 12% in 2021 compared to 2020.
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- Note 1: The number of columns will be adjusted according to the actual number of transactions, and if there are separate transactions of private securities, they should be shown separately.
- Note 2: The above-mentioned private securities include common stocks, preferred stocks, convertible preferred stocks, preferred stocks with warrants, common bonds, convertible bonds, bonds with warrants, overseas convertible bonds, overseas depository receipts and employee warrants.
- Note 3: For private placement of corporate bonds that do not require shareholders' approval, the date and amount approved by the board of directors should be included.
- Note 4: For private placement cases in progress, if a candidate has been appointed, the name or name of the candidate and the relationship with the company will be listed.
- Note 5: The number of columns will be adjusted according to the actual number.
- Note 6: Fill out paragraph 1, paragraph 2 or paragraph 3 of Article 43-6 of the Securities Exchange Act.
- Note 7: The actual subscription (or conversion) price refers to the subscription (or conversion) price at the time of the actual private placement of marketable securities.

3. Acquisition or disposal of the Company's stock shares by subsidiaries in the most recent year and up to the publication of the annual report: None.

4. The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act and had significant impact on shareholders' equity or securities prices in the most recent year and up to the publication of the annual report: None.

5. Other necessary supplementary notes: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Maxigen Biotech Inc.

Opinion

We have audited the accompanying consolidated balance sheet of Maxigen Biotech Inc. and subsidiaries (the "Group") as at December 31, 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for 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 in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. 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.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Existence and occurrence of top ten customers

Description

The Group is primarily engaged in the production and sale of biomedical materials and care products. Except for Taiwan, the Group's customers are spread in America, Europe, Mainland China and South East Asia, the transaction terms for each customer were not the same, the audit procedures required more human resource, and the revenue from the Group's top 10 customers presented significant proportion in the operating revenue of consolidated financial statements. Thus, we considered existence and occurrence of top 10 sales customers as a key audit matter.

Please refer to Note 4(25) for accounting policies on revenue recognition and Note 6(17) for details of sales revenue.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Understood and tested the internal control of sales revenue recognition of top 10 customers, and tested the effectiveness of internal control in relation to the sales revenue.
- B. Sampled and verified the sales orders and delivery documents of top 10 customers, and confirmed that the sales revenue transaction actually occurred.
- C. Sampled and verified the sales returns and discounts of top 10 customers, and confirmed the existence of sales revenue recognition.

Other matter – Reference to the audits of other auditors

The consolidated financial statements of the Group for the year ended December 31, 2020, were audited by other auditors who expressed an unmodified opinion on those statements dated March 22, 2021.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Group as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters

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

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan
March 21, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars))

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 513,305	41	\$ 209,762	22
1136	Financial assets at amortised cost— current	6(2) and 8	26,872	2	13,131	1
1150	Notes receivable, net	6(3)	47,629	4	35,564	4
1170	Accounts receivable, net	6(3)	45,625	4	52,902	5
1180	Accounts receivable due from related parties, net	7	16,692	1	6,443	1
1200	Other receivables		4,455	-	7,024	1
1210	Other receivables due from related parties	7	5	-	-	-
130X	Inventories	6(4)	78,954	6	86,984	9
1410	Prepayments	6(5)	49,760	4	19,945	2
1470	Other current assets		256	-	303	-
11XX	Total current assets		<u>783,553</u>	<u>62</u>	<u>432,058</u>	<u>45</u>
Non-current assets						
1600	Property, plant and equipment	6(6)	456,062	36	469,598	49
1755	Right-of-use assets	6(7)	9,391	1	11,919	1
1760	Investment property, net	6(8)	8,859	1	8,890	1
1780	Intangible assets	6(9)	1,830	-	1,673	-
1840	Deferred tax assets		378	-	1,069	-
1900	Other non-current assets	6(5)	5,111	-	31,263	4
15XX	Total non-current assets		<u>481,631</u>	<u>38</u>	<u>524,412</u>	<u>55</u>
1XXX	Total assets		<u>\$ 1,265,184</u>	<u>100</u>	<u>\$ 956,470</u>	<u>100</u>

(Continued)

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars))

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(17)	\$ 11,126	1	\$ 3,763	-
2150	Notes payable		100	-	-	-
2170	Accounts payable		16,772	1	27,905	3
2180	Accounts payable to related parties	7	23,281	2	5,096	1
2200	Other payables	6(10)	53,070	4	38,581	4
2220	Other payables to related parties	7	54	-	-	-
2230	Current tax liabilities		9,281	1	8,692	1
2280	Lease liabilities - current	6(7)	2,362	-	2,493	-
2399	Other current liabilities, others		22	-	54	-
21XX	Total current liabilities		<u>116,068</u>	<u>9</u>	<u>86,584</u>	<u>9</u>
	Non-current liabilities					
2580	Lease liabilities - non-current	6(7)	7,278	1	9,640	1
2600	Other non-current liabilities		120	-	19	-
25XX	Total non-current liabilities		<u>7,398</u>	<u>1</u>	<u>9,659</u>	<u>1</u>
2XXX	Total liabilities		<u>123,466</u>	<u>10</u>	<u>96,243</u>	<u>10</u>
	Equity attributable to owners of the parent					
	Share capital	6(13)				
3110	Ordinary share		769,992	61	694,650	73
	Capital surplus	6(13)				
3200	Capital surplus		264,392	21	89,181	9
	Retained earnings	6(14)				
3310	Legal surplus		19,604	1	13,289	1
3320	Special reserve		2,985	-	2,931	-
3350	Undistributed surplus earnings		87,706	7	63,161	7
	Other equity interest	6(16)				
3400	Other equity interest		(2,961)	-	(2,985)	-
31XX	Total equity attributable to owners of parent		<u>1,141,718</u>	<u>90</u>	<u>860,227</u>	<u>90</u>
3XXX	Total equity		<u>1,141,718</u>	<u>90</u>	<u>860,227</u>	<u>90</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 1,265,184</u>	<u>100</u>	<u>\$ 956,470</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)(19)	\$ 511,976	100	\$ 457,691	100
5000 Operating costs	6(4)(11)(21)	(250,949)	(49)	(243,171)	(53)
5900 Gross profit		<u>261,027</u>	<u>51</u>	<u>214,520</u>	<u>47</u>
Operating expenses	6(11)(21)(22)				
6100 Selling expenses		(39,533)	(8)	(34,180)	(8)
6200 General and administrative expenses		(52,842)	(10)	(50,182)	(11)
6300 Research and development expenses		(75,681)	(15)	(69,150)	(15)
6450 Expected credit impairment (loss) gain		(3,024)	-	97	-
6000 Total operating expenses		<u>(171,080)</u>	<u>(33)</u>	<u>(153,415)</u>	<u>(34)</u>
6900 Operating profit		<u>89,947</u>	<u>18</u>	<u>61,105</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income	6(18)	481	-	775	-
7010 Other income	6(19)	11,454	2	23,172	5
7020 Other gains and losses	6(20)	(4,220)	(1)	(8,066)	(1)
7050 Finance costs	6(21)	(196)	-	(250)	-
7000 Total non-operating income and expenses		<u>7,519</u>	<u>1</u>	<u>15,631</u>	<u>4</u>
7900 Profit before income tax		<u>97,466</u>	<u>19</u>	<u>76,736</u>	<u>17</u>
7950 Income tax expense	6(22)	(9,799)	(2)	(13,425)	(3)
8200 Profit for the year		<u>\$ 87,667</u>	<u>17</u>	<u>\$ 63,311</u>	<u>14</u>
Other comprehensive income					
8311 Gains (losses) on remeasurements of defined benefit plans		\$ 269	-	(\$ 164)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation	6(16)	24	-	(54)	-
8300 Other comprehensive income		<u>\$ 293</u>	<u>-</u>	<u>(\$ 218)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 87,960</u>	<u>17</u>	<u>\$ 63,093</u>	<u>14</u>
Profit attributable to:					
8610 Owners of the parent		\$ 87,667	17	\$ 63,311	14
8620 Non-controlling interest		-	-	-	-
		<u>\$ 87,667</u>	<u>17</u>	<u>\$ 63,311</u>	<u>14</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 87,960	17	\$ 63,093	14
8720 Non-controlling interest		-	-	-	-
		<u>\$ 87,960</u>	<u>17</u>	<u>\$ 63,093</u>	<u>14</u>
Earnings per share					
9750 Basic earnings per share		\$	1.21	\$	0.91
9850 Diluted earnings per share		\$	1.20	\$	0.91

The accompanying notes are an integral part of these consolidated financial statements.

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
	Notes	Ordinary share	Capital surplus	Retained Earnings			Exchange differences on translation	Total equity
Legal surplus				Special reserve	Undistributed surplus earnings			
<u>Year ended December 31, 2020</u>								
Balance at January 1, 2020		\$ 694,650	\$ 89,181	\$ 7,284	\$ 3,078	\$ 60,055	(\$ 2,931)	\$ 851,317
Profit for the year		-	-	-	-	63,311	-	63,311
Other comprehensive loss for the year	6(16)	-	-	-	-	(164)	(54)	(218)
Total comprehensive income for the year		-	-	-	-	63,147	(54)	63,093
Appropriation and distribution of retained earnings for 2019:								
Legal reserve appropriated		-	-	6,005	-	(6,005)	-	-
Reversal of special reserve		-	-	-	(147)	147	-	-
Cash dividends paid		-	-	-	-	(54,183)	-	(54,183)
Balance at December 31, 2020		<u>\$ 694,650</u>	<u>\$ 89,181</u>	<u>\$ 13,289</u>	<u>\$ 2,931</u>	<u>\$ 63,161</u>	<u>(\$ 2,985)</u>	<u>\$ 860,227</u>

(Continued)

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
	Notes	Retained Earnings					Exchange differences on translation	Total equity
		Ordinary share	Capital surplus	Legal surplus	Special reserve	Undistributed surplus earnings		
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021		\$ 694,650	\$ 89,181	\$ 13,289	\$ 2,931	\$ 63,161	(\$ 2,985)	\$ 860,227
Profit for the year		-	-	-	-	87,667	-	87,667
Other comprehensive loss for the year	6(16)	-	-	-	-	269	24	293
Total consolidated profit for the year		-	-	-	-	87,936	24	87,960
Appropriation and distribution of retained earnings for 2020:								
Legal reserve appropriated		-	-	6,315	-	(6,315)	-	-
Special reserve appropriated		-	-	-	54	(54)	-	-
Cash dividends paid		-	-	-	-	(56,267)	-	(56,267)
Recognition of share-based payment	6(12)	-	3,203	-	-	(755)	-	2,448
Cash capital increase	6(13)	75,342	172,008	-	-	-	-	247,350
Balance at December 31, 2021		<u>\$ 769,992</u>	<u>\$ 264,392</u>	<u>\$ 19,604</u>	<u>\$ 2,985</u>	<u>\$ 87,706</u>	<u>(\$ 2,961)</u>	<u>\$1,141,718</u>

The accompanying notes are an integral part of these consolidated financial statements.

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 97,466	\$ 76,736
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	3,024	(97)
Depreciation	6(6)(7)(21)	31,870	32,030
Amortisation	6(9)(22)	1,031	1,162
Interest income	6(18)	(481)	(775)
Interest expense	6(21)	196	250
Compensation cost arising from employee stock options	6(15)	2,448	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(12,065)	(11,047)
Accounts receivable		4,253	5,430
Accounts receivable - related parties		(10,249)	8,653
Other receivables		2,569	1,279
Other receivables due from related parties		(5)	-
Inventories		8,030	1,131
Prepayments		(29,815)	(9,517)
Other current assets		47	2,398
Changes in operating liabilities			
Contract liabilities - current		7,363	(3,960)
Notes payable		100	(50)
Accounts payable		(11,133)	1,811
Accounts payable to related parties		18,185	(2,729)
Other payables		12,971	(2,300)
Other payables to related parties		54	-
Other current liabilities		(32)	(1,250)
Cash inflow generated from operations		125,827	99,155
Interest received		481	840
Interest paid		(196)	(8,831)
Income tax paid		(8,519)	(16,601)
Net cash flows from operating activities		<u>117,593</u>	<u>74,563</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(6)	(14,258)	(10,739)
Acquisition of intangible assets	6(9)	(1,188)	(599)
(Increase) decrease in other non-current assets		26,412	(1,618)
(Increase) decrease in financial assets at amortised cost		(13,741)	151,918
Net cash flows (used in) from investing activities		<u>(2,775)</u>	<u>138,962</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in guarantee deposits		101	(70)
Lease liabilities paid	6(7)	(2,493)	(2,558)
Repayment of preferred stock liabilities		-	(214,539)
Proceeds from issuance of common stock		247,350	-
Cash dividends paid		(56,267)	(54,183)
Net cash flows from (used in) financing activities		<u>188,691</u>	<u>(271,350)</u>
Effects due to changes in exchange rate		34	(56)
Net increase (decrease) in cash and cash equivalents		303,543	(57,881)
Cash and cash equivalents at beginning of year	6(1)	209,762	267,643
Cash and cash equivalents at end of year	6(1)	<u>\$ 513,305</u>	<u>\$ 209,762</u>

The accompanying notes are an integral part of these consolidated financial statements.

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Maxigen Biotech Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (the “Group”) were primarily engaged in collagen purification, research and development, production and sales of implantable medical device, and production, manufacturing, wholesale and retail of cosmetics. TCI CO., LTD. held 22.83% equity shares in the Company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 21, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpr

etations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or

liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Maxigen Biotech Inc	Maxigen Biotech International Investment Corporation Limited	Reinvested business	100	100	Note
Maxigen Biotech Inc	HORAY INC	Trading of cosmetics and package materials	100	100	Note
Maxigen Biotech International Investment Corporation Limited	Dingshi Trade (Shanghai) CO., LTD.	Trading of cosmetics and package materials	100	100	Note

Note: The financial statements of the entity as of and for the year ended December 31, 2020 were not reviewed by the independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost and accounts receivable that contain a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15~50 years
Machinery and equipment	3~8 years
Transportation equipment	3~6 years
Office equipment	5 ~ 10 years

(13) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate; and

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(15) Intangible assets

A. Trademarks, patents and business rights

Separately acquired trademarks, patents and business rights are stated at historical cost. Trademarks, patents and business rights acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, patents and business rights have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 15 to 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

C. Technology authorisation and certification fee

Technology authorisation and certification fee is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 7 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured

at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs,

whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the accrued amounts and the subsequently actual distributed amounts resolved by the shareholders is accounted for as changes in estimates.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the consolidated balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by

the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

The Group manufactures and sells consumer products related to biomedical materials. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 218	\$ 219
Checking accounts and demand deposits	297,747	209,543
Time deposits	215,340	-
Total	<u>\$ 513,305</u>	<u>\$ 209,762</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2021 and 2020, the Group had restricted time deposits in performance guarantee accounts due to government grants in the amounts of \$26,872 and \$13,131 which were classified as 'financial assets at amortised cost', please refer to Note 8.

(2) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits	<u>\$ 26,872</u>	<u>\$ 13,131</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 386</u>	<u>\$ 303</u>

B. The Group's financial assets at amortised cost comprise of time deposits in banks with good credit

rating.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$26,872 and \$13,131, respectively.

D. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

E. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 47,629	\$ 35,564
Accounts receivable	\$ 48,649	\$ 52,902
Less: Loss allowance	(3,024)	-
	<u>\$ 45,625</u>	<u>\$ 52,902</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 88,270	\$ 87,475
Up to 30 days	380	991
31 to 90 days	-	-
91 to 180 days	4,604	-
Over 180 days	-	-
	<u>\$ 93,254</u>	<u>\$ 88,466</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables (including notes receivable) due to the Group's and customers' contracts were \$93,254, \$88,466 and \$82,849, respectively.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$47,629 and \$35,564; \$45,625 and \$52,902, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

			<u>December 31, 2021</u>		
	<u>Cost</u>		<u>Allowance for valuation loss</u>		<u>Carrying amount</u>
Raw materials	\$ 31,625	(\$ 5,988)	\$ 25,637		
Work in progress	21,732	(1,670)	20,062		
Finished goods	28,245	(555)	27,690		
Inventory in transit	5,565	-	5,565		
	<u>\$ 87,167</u>	<u>\$ 8,213</u>	<u>\$ 78,954</u>		
			<u>December 31, 2020</u>		
	<u>Cost</u>		<u>Allowance for valuation loss</u>		<u>Carrying amount</u>
Raw materials	\$ 72,731	(\$ 16,064)	\$ 56,667		
Work in progress	19,606	(6,150)	13,456		
Finished goods	253	8,444	16,861		
	<u>\$ 1,176</u>	<u>\$ 30,658</u>	<u>\$ 86,984</u>		

The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020, was \$250,949 and \$243,171, respectively, including the amounts of \$12,804 and \$8,309, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

(5) Other current assets and other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>		
Other current assets				
Prepaid expenses	\$ 47,498	\$ 18,352		
Prepayments to suppliers	1,680	1,037		
Prepaid insurance premiums	278	263		
Excess business tax paid (or Net Input VAT)	304	293		
Total	<u>\$ 49,760</u>	<u>\$ 19,945</u>		
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other non-current assets				
Prepaid expenses	\$ -	\$ 27,891		
Net defined benefit asset	2,901	2,618		
Guarantee deposits paid	2,210	754		
	<u>\$ 5,111</u>	<u>\$ 31,263</u>		

(6) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished Construction	Total
<u>At January 1</u>								
Cost	\$ 133,225	\$ 301,798	\$ 111,504	\$ 3,356	\$ 26,645	\$ 21,863	\$ 26,034	\$ 624,425
Accumulated depreciation	-	(45,165)	(69,758)	(2,892)	(18,381)	(18,631)	-	(154,827)
	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>
<u>2021</u>								
At January 1	\$ 133,225	\$ 256,633	\$ 41,746	\$ 464	\$ 8,264	\$ 3,232	\$ 26,034	\$ 469,598
Additions	-	685	4,269	-	3,197	447	7,178	15,776
Reclassifications	-	-	13,007	-	26	1,386	(14,419)	-
Depreciation charge	-	(10,529)	(14,371)	(326)	(3,228)	(858)	-	(29,312)
At December 31	<u>\$ 133,225</u>	<u>\$ 246,789</u>	<u>\$ 44,651</u>	<u>\$ 138</u>	<u>\$ 8,259</u>	<u>\$ 4,207</u>	<u>\$ 18,793</u>	<u>\$ 456,062</u>
<u>At September 31</u>								
Cost	\$ 133,225	\$ 302,483	\$ 128,780	\$ 3,356	\$ 29,868	\$ 23,696	\$ 18,793	\$ 640,201
Accumulated depreciation	-	(55,694)	(84,129)	(3,218)	(21,609)	(19,489)	-	(184,139)
	<u>\$ 133,225</u>	<u>\$ 246,789</u>	<u>\$ 44,651</u>	<u>\$ 138</u>	<u>\$ 8,259</u>	<u>\$ 4,207</u>	<u>\$ 18,793</u>	<u>\$ 456,062</u>
<u>At January 1</u>								
Cost	\$ 133,225	\$ 301,798	\$ 110,290	\$ 3,356	\$ 26,366	\$ 23,184	\$ 20,193	\$ 618,412
Accumulated depreciation	-	(34,654)	(58,816)	(2,340)	(15,214)	(19,855)	-	(130,879)
	<u>\$ 133,225</u>	<u>\$ 267,144</u>	<u>\$ 51,474</u>	<u>\$ 1,016</u>	<u>\$ 11,152</u>	<u>\$ 3,329</u>	<u>\$ 20,193</u>	<u>\$ 487,533</u>
<u>2020</u>								
At January 1	\$ 133,225	\$ 267,144	\$ 51,474	\$ 1,016	\$ 11,152	\$ 3,329	\$ 20,193	\$ 487,533
Additions	-	-	4,329	-	709	382	6,004	11,424
Reclassifications	-	-	-	-	-	163	(163)	-
Depreciation charge	-	(10,511)	(14,057)	(552)	(3,597)	(642)	-	(29,359)
At December 31	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>
<u>At December 31</u>								
Cost	\$ 133,225	\$ 301,798	\$ 111,504	\$ 3,356	\$ 26,645	\$ 21,863	\$ 26,034	\$ 624,425
Accumulated depreciation	-	(45,165)	(69,758)	(2,892)	(18,381)	(18,631)	-	(154,827)
	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>

Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(7) Leasing arrangements-lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 9,391</u>	<u>\$ 11,919</u>
	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 2,527</u>	<u>\$ 2,640</u>

C. For the years ended December 31, 2021 and 2020, there were no additions to right-of-use assets.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 194</u>	<u>\$ 249</u>
Expense on lease of low-value assets	<u>\$ 197</u>	<u>\$ 159</u>

E. For the years ended December 31, 2021 and 2020, the additions to total cash outflow for leases were \$2,884 and \$2,966, respectively.

(8) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	-	(637)	(637)
	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>
<u>2021</u>			
At January 1	\$ 7,949	\$ 941	\$ 8,890
Accumulated depreciation and impairment	-	31	31
At December 31	<u>\$ 7,949</u>	<u>\$ 910</u>	<u>\$ 8,859</u>
<u>At December 31</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	-	(668)	(668)
	<u>\$ 7,949</u>	<u>\$ 910</u>	<u>\$ 8,859</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(606)</u>	<u>(606)</u>
	<u>\$ 7,949</u>	<u>\$ 972</u>	<u>\$ 8,921</u>
<u>2020</u>			
At January 1	\$ 7,949	\$ 972	\$ 8,921
Depreciation charge	<u>-</u>	<u>(31)</u>	<u>(31)</u>
At December 31	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>
At December 31			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(637)</u>	<u>(637)</u>
	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property	<u>\$ 381</u>	<u>\$ 233</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 228</u>	<u>\$ 167</u>

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$19,359 and \$20,514, respectively. The valuation was estimated from the average transaction price in the location of investment property and was categorised within Level 3 fair value.

(9) Intangible assets

	Trademarks and patents	Business rights	Technology authorisation and certification fee	Computer software	Total
At January 1					
Cost	\$ 1,418	\$ 4,800	\$ 8,464	\$ 1,346	\$ 16,028
Accumulated amortisation and impairment	(1,018)	(4,800)	(7,765)	(772)	(14,355)
	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>
<u>2021</u>					
At January 1	\$ 400	\$ -	\$ 699	\$ 574	\$ 1,673
Additions	-	-	179	1,009	1,188
Amortisation charge	(120)	-	(322)	(589)	(1,031)
At December 31	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 994</u>	<u>\$ 1,830</u>
At December 31					
Cost	\$ 1,418	\$ 4,800	\$ 8,643	\$ 2,355	\$ 17,216
Accumulated amortisation and impairment	(1,138)	(4,800)	(8,087)	(1,361)	(15,386)
	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 994</u>	<u>\$ 1,830</u>
	Trademarks and patents	Business rights	Technology authorisation and certification fee	Computer software	Total
At January 1					
Cost	\$ 1,418	\$ 4,800	\$ 8,173	\$ 1,038	\$ 15,429
Accumulated amortisation and impairment	(898)	(4,800)	(7,163)	(332)	(13,193)
	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 706</u>	<u>\$ 2,236</u>
<u>2020</u>					
At January 1	\$ 520	\$ -	\$ 1,010	\$ 706	\$ 2,236
Additions	-	-	291	308	599
Amortisation charge	(120)	-	(602)	(440)	(1,162)
At December 31	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>
At December 31					
Cost	\$ 1,418	\$ 4,800	\$ 8,464	\$ 1,346	\$ 16,028
Accumulated amortisation and impairment	(1,018)	(4,800)	(7,765)	(772)	(14,355)
	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2021	2020
Operating costs	\$ 18	-
Selling expenses	193	196
General & administrative expenses	498	364
Research and development expenses	322	602
	<u>\$ 1,031</u>	<u>\$ 1,162</u>

(10) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salary and bonus payable	\$ 24,616	\$ 22,712
Employees' dividends and directors' remuneration payable	15,734	7,500
Payable on machinery and equipment	2,374	856
Other payables	10,346	7,513
	<u>\$ 53,070</u>	<u>\$ 38,581</u>

(11) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 2,715)	(\$ 2,898)
Fair value of plan assets	<u>5,616</u>	<u>5,516</u>
Net defined benefit asset	<u>\$ 2,901</u>	<u>\$ 2,618</u>

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 2,898)	\$ 5,516	\$ 2,618
Interest(expense) income	(15)	28	13
	<u>(2,913)</u>	<u>5,544</u>	<u>2,631</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	71	71
Change in demographic assumption	(58)	-	(58)
Change in financial assumptions	97	-	97
Experience adjustments	159	-	159
	<u>198</u>	<u>71</u>	<u>269</u>
Pension fund contribution	-	1	1
At December 31	<u><u>(\$ 2,715)</u></u>	<u><u>\$ 5,616</u></u>	<u><u>\$ 2,901</u></u>
	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 2,544)	\$ 5,301	\$ 2,757
Interest(expense) income	(22)	46	24
	<u>(2,566)</u>	<u>5,347</u>	<u>2,781</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	168	168
Change in financial assumptions	(193)	-	(193)
Experience adjustments	(139)	-	(139)
	<u>(332)</u>	<u>168</u>	<u>(164)</u>
Pension fund contribution	-	1	1
At December 31	<u><u>(\$ 2,898)</u></u>	<u><u>\$ 5,516</u></u>	<u><u>\$ 2,618</u></u>

(d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and

the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2021	2020
Discount rate	0.75%	0.50%
Future salary increase	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 94)	\$ 98	\$ 95	(\$ 92)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 104)	\$ 109	\$ 106	(\$ 102)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2022 amounts to \$1.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 14 years

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2021 and 2020 were \$4,384 and \$4,405, respectively.

(12) Share-based payment

A. For the year ended December 31, 2021, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee share options	November 3, 2021	2,630,000	6 years	Service for 2 years can be vested with 40% Service for 3 years can be vested with 80% Service for 4 years can be vested with 100%

The abovementioned share-based payment arrangements all are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	<u>No. of options</u>	<u>Weighted-average exercise price(in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	2,630,000	50.80
Options outstanding at December 31	2,630,000	-
Options exercisable at December 31	-	-

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Employee share options	November 3, 2021	50.8	50.8	43.63%~ 47.84%	5	-	0.41%~ 0.44%	18.94~ 19.37

Note: Expected price volatility rate was estimated using the stock prices of the most recent period with length of this period approximate to the length of the stock options’ expected life, and the standard deviation of return on the stock during this period.

D. Expenses incurred on share-based payment transactions are shown below:

	<u>Year ended December 31</u>	
	<u>2021</u>	
Equity-settled-The Company	\$	2,448
Cash-settled-The parent company (accounted as ‘3350 undistributed earnings’)		<u>755</u>
	<u>\$</u>	<u>3,203</u>

(13) Share capital

A. On December 31, 2021, the Company’s authorised capital was \$1,000,000, and the paid-in capital was \$769,992 with a par value of \$10 per share. All proceeds from shares issued have been collected. Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1 (in thousands of shares)	69,465	69,465
Cash capital increase-private placement	7,534	-
At December 31 (in thousands of shares)	<u>\$ 76,999</u>	<u>\$ 69,465</u>

B. To increase the Company’s working capital, the stockholders at their annual stockholders’ meeting on July 12, 2021 adopted a resolution to raise additional cash through private placement with the effective date set on August 6, 2021. The maximum number of shares to be issued through the private placement is 11,000 thousand shares at a subscription price of \$41.03 (in dollars) per share. The amount of capital raised through the private placement was \$247,350 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders’ meeting.

B. The Company’s dividend policy is summarised below: as the Company operates in a volatile

business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and share dividends shall account for at least 50% of the total dividends distributed, the remaining can be distributed as cash dividend.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The Company recognised dividends distributed to owners amounting to \$56,267 (\$0.73 (in dollars) per share) and \$54,183 (\$0.78 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 21, 2022, the stockholders resolved that total dividends for the distribution of earnings for the year of 2021 was \$76,999 at \$0.1 (in dollars) per share.

(16) Other equity items

	2021	2020
	Foreign currency translation	Foreign currency translation
At January 1	(\$ 2,985)	(\$ 2,931)
Currency translation differences	24	(54)
At December 31	(\$ 2,961)	(\$ 2,985)

(17) Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods	\$ 505,352	\$ 451,215
Other operating revenue	6,624	6,476
Revenue from contracts with customers	\$ 511,976	\$ 457,691

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31,	
	2021	2020
	From external customers	From external customers
Biomedical products	\$ 414,874	\$ 313,550
Consumer products	97,102	144,141
Total	<u>\$ 511,976</u>	<u>\$ 457,691</u>

B. Contract assets and liabilities

As of December 31, 2021, December 31, 2020 and January 1, 2020, the Group did not recognise contract assets in relation to revenue from customers' contract. In addition, the Group recognised contract liabilities as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
– advance receipts	<u>\$ 11,126</u>	<u>\$ 3,763</u>	<u>\$ 7,723</u>

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Year ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance receipts	<u>\$ 3,402</u>	<u>\$ 7,006</u>

(18) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 82	\$ 459
Interest income from financial assets measured at amortised cost	386	303
Imputed interest income on deposits	13	13
	<u>\$ 481</u>	<u>\$ 775</u>

(19) Other income

	Year ended December 31	
	2021	2020
Rental revenue	\$ 390	\$ 233
Grant revenues	10,125	22,433
Other income, others	939	506
	<u>\$ 11,454</u>	<u>\$ 23,172</u>

(20) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange losses	(\$ 3,602)	(\$ 5,518)
Compensation losses	-	(2,518)
Miscellaneous disbursements	(618)	(30)
	<u>\$ 4,220</u>	<u>(\$ 8,066)</u>

(21) Finance costs

	Year ended December 31	
	2021	2020
Interest expense		
Interest on lease liabilities	\$ 194	\$ 249
Other interest	2	1
	<u>\$ 196</u>	<u>\$ 250</u>

(22) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	\$ 126,411	\$ 120,705
Depreciation charges on property, plant and equipment	29,312	29,359
Depreciation expenses on investment property	31	31
Depreciation charges on right-of-use assets	2,527	2,640
Amortisation charges on intangible assets	1,031	1,162

(23) Employee benefit expense

	Year ended December 31	
	2021	2020
Wages and salaries	\$ 105,964	\$ 103,309
Employee stock options	2,448	-
Labour and health insurance fees	9,043	8,608
Pension costs	4,371	4,381
Other personnel expenses	4,585	4,407
	<u>\$ 126,411</u>	<u>\$ 120,705</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$11,289 and \$5,933, respectively; while directors' remuneration was accrued at \$4,200 and \$1,848, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and not higher than 5% of distributable profit for the year ended December 31, 2021, respectively. For the year ended December 31, 2020, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to \$5,933 and \$1,848, which were in agreement with those amounts recognised in the 2020 financial statements.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 16,091	\$ 15,309
Tax on undistributed earnings	55	34
Prior year income tax overestimation	(7,030)	(2,914)
Total current tax	<u>9,116</u>	<u>12,429</u>
Deferred tax:		
Origination and reversal of temporary differences	683	996
Total deferred tax	<u>683</u>	<u>996</u>
Income tax expense	<u>\$ 9,799</u>	<u>\$ 13,425</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
Income tax calculated by applying statutory rate to the profit before tax	\$ 19,482	\$ 15,404
Expenses disallowed by tax regulation	891	6
Tax exempt income by tax regulation	-	(323)
Prior year unrecognised deferred tax assets	(3,599)	1,218
Prior year income tax (over) underestimation	(7,030)	(2,914)
Tax on undistributed earnings	55	34
Income tax expense	<u>\$ 9,799</u>	<u>\$ 13,425</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences were as follows:

	2021		
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>At December 31</u>
— Deferred tax assets:			
Temporary differences:			
Allowance for valuation loss on inventories	\$ 1,292	(\$ 965)	\$ 327
Others	(223)	274	51
Total	<u>\$ 1,069</u>	<u>(\$ 691)</u>	<u>\$ 378</u>

	2020		
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>At December 31</u>
– Deferred tax assets:			
Temporary differences:			
Allowance for valuation			
loss on inventories	\$ 1,871	(\$ 579)	\$ 1,292
Others	194	(417)	(223)
Total	<u>\$ 2,065</u>	<u>(\$ 996)</u>	<u>\$ 1,069</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	<u>\$ 1,316</u>	<u>\$ 4,840</u>

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 87,667</u>	72,520	<u>\$ 1.21</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	87,667	72,520	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	263	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 87,667</u>	<u>72,783</u>	<u>\$ 1.20</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 63,311	69,465	\$ 0.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	63,311	69,465	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	346	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 63,311	69,811	\$ 0.91

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	\$ 15,776	\$ 11,424
Add: Opening balance of payable on equipment	856	171
Less: Ending balance of payable on equipment	(2,374)	(856)
Cash paid during the period	\$ 14,258	\$ 10,739

(27) Changes in liabilities from financing activities

	Year ended December 31	
	2021	2020
At January 1,	\$ 12,133	\$ 14,691
Changes in cash flow from financing activities	-	(2,558)
At December 31	\$ 12,133	\$ 12,133

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

TCI CO., LTD. (incorporated in R.O.C.) is the Group's ultimate parent company which directly held 22.83% of equity interest in the Group.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
NuVasive Inc.	Other related parties
Zhongjia Investment Development Co., Ltd.	Other related parties
Dahua Venture Capital Co., Ltd.	Other related parties
GENE & NEXT INC. (GENE & NEXT)	Other related parties
TCI CO., LTD.	Ultimate parent

(3) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
NuVasive Inc.	\$ 77,908	\$ 51,288
Ultimate parent	3,592	-
Other related parties	25	4
	<u>\$ 81,525</u>	<u>\$ 51,292</u>

Goods are sold based on the terms that would be available to third parties.

B. Purchases:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
NuVasive Inc.	\$ 28,468	\$ 14,940
Ultimate parent	6,311	-
	<u>\$ 34,779</u>	<u>\$ 14,940</u>

Goods sold to related parties are based on normal commercial terms and conditions.

C. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
NuVasive Inc.	\$ 8,992	\$ 6,443
Ultimate Parent	7,700	-
	<u>\$ 16,692</u>	<u>\$ 6,443</u>
Other receivables:		
Ultimate parent	<u>\$ 5</u>	<u>\$ -</u>

Receivables from related parties arise from sales of goods. The receivables are due 60-90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
NuVasive Inc.	\$ 16,654	\$ 5,096
Ultimate parent	6,627	-
	<u>\$ 23,281</u>	<u>\$ 5,096</u>
Other payables:		
Ultimate parent	\$ 23	\$ -
Other related parties	31	-
	<u>\$ 54</u>	<u>\$ -</u>

Accounts payable to related parties are mainly arising from purchases of goods and the payables bear no interest.

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 13,014	\$ 14,528
Post-employment benefits	240	305
Share-based payment	1,351	-
Total	<u>\$ 14,605</u>	<u>\$ 14,833</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Land	\$ -	\$ 133,225	Long-term borrowings
Building and structures	-	249,956	Long-term borrowings
Financial assets at amortised cost- current	13,032	13,131	Performance guarantee account due to government grants
	<u>\$ 13,032</u>	<u>\$ 396,312</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021 and 2020, in coordination with the research and development of innovations and forward-looking technologies plan of the Ministry of Economic Affairs, the Group had issued guaranteed notes according to the grant contract both in the amount of \$43,200.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) Capital management

The Group's capital management is based on the scale of the industry which the Group is in, along with the industry's future cost and product development to set an appropriate market share. Furthermore, the Group determines an appropriate capital structure by planning a corresponding capital expenditure, calculating operation funds in accordance with operating plans, and considering the operating profits and cash flows that can be generated by products' competitiveness.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 513,305	\$ 209,762
Financial assets at amortised cost	26,872	13,131
Notes receivable	47,629	35,564
Accounts receivable	45,625	52,902
Accounts receivable-due from related parties	16,692	6,443
Other receivables	4,455	7,024
Guarantee deposits paid	2,210	754
	<u>\$ 656,788</u>	<u>\$ 325,580</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 16,772	\$ 27,905
Accounts payable-to related parties	23,281	5,096
Other accounts payable	53,070	38,581
Guarantee deposits received	119	19
	<u>\$ 93,242</u>	<u>\$ 71,601</u>
Lease liability	<u>\$ 9,640</u>	<u>\$ 12,133</u>

B. Financial risk management policies

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		December 31, 2021		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	9,587	27.68	\$ 265,368
RMB:NTD	RMB	5,672	4.344	24,639
EUR:NTD	EUR	143	31.32	4,479
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	976	27.68	\$ 27,016
EUR:NTD	EUR	38	31.32	1,190
		December 31, 2020		
(Foreign currency: functional currency)		Foreign currency amount (In	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	5,353	28.48	\$ 152,453
RMB:NTD	RMB	4,609	4.38	20,174
EUR:NTD	EUR	125	35.02	4,378
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	170	28.48	\$ 4,842
RMB:NTD	RMB	40	4.377	175

- iii. The total exchange profit or loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to (\$3,602) and (\$5,518), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>			
Monetary items			
USD:NTD	1%	\$ 2,654	\$ -
RMB:NTD	1%	246	-
EUR:NTD	1%	45	-
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	1%	\$ 270	\$ -
RMB:NTD	1%	12	-
Year ended December 31, 2020			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>			
Monetary items			
USD:NTD	1%	\$ 1,525	\$ -
RMB:NTD	1%	202	-
EUR:NTD	1%	44	-
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	1%	\$ 48	\$ -
RMB:NTD	1%	2	-

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the management of credit risk, the default occurs when the contract payments are past due over certain days.
- v. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, others. On December 31, 2021 and 2020, the loss rate methodology were as follows:

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>At December 31, 2021</u>					
Expected loss rate	0%~0.03%	5.03%	39.1%	100.00%	
Total book value	\$ 88,270	\$ 380	\$ 7,628	\$ -	\$ 96,278
Loss allowance	\$ 17	\$ 19	\$ 2,988	\$ -	\$ 3,024
<u>At December 31, 2020</u>					
Expected loss rate	0%-1%	0%~40%	40%~100%	100.00%	
Total book value	\$ 87,475	\$ 991	\$ -	\$ -	\$ 88,466
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ -	\$ -
Provision for impairment	3,024	-
At December 31	<u>\$ 3,024</u>	<u>\$ -</u>
	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 97	\$ -
Reversal of impairment loss	(97)	-
At December 31	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the

Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. As of December 31, 2021 and 2020, there were no undrawn financing facilities.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2021</u>	<u>Between 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 100	\$ -	\$ -	\$ -
Accounts payable (including related parties)	40,053	-	-	-
Other payables	53,124	-	-	-
Lease liability	2,362	2,145	5,134	-
Guarantee deposits received	-	-	-	-
<u>December 31, 2020</u>	<u>Between 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 33,001	\$ -	\$ -	\$ -
Other payables	38,581	-	-	-
Lease liability	2,493	2,362	6,377	901
Guarantee deposits received	-	-	19	-

(3) Fair value

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The Group's fair value information of financial assets and financial liabilities not measured at fair value is provided in Note 12(2)A.

C. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

D. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

(4) Other matter

In response to the outbreak of Covid-19, the Group had adopted related pandemic prevention

measures and complied with the pandemic prevention measures promoted by government. After assessment, for the year ended December 31, 2021, Covid-19 had no significant effects on the Group's operations and business.

13. Supplementary disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 1.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. Segment information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a product type perspective. The Group had two reportable segments: biomedical products segment and consumer products segment. Biomedical products segment is primarily engaged in manufacturing and sales of collagen and bone materials. Consumer products segment is engaged in the manufacturing and sales of beauty care products.

(2) Measurement of segment information

The Group's chief operating decision-maker uses the net income of each segment as basis for

assessing the performance of the Group's operating segments.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2021				
	Biomedical products	Consumer products	Others	Adjustments and write-offs	Total
<u>Revenue</u>					
Revenue from external customers	\$ 414,874	\$ 97,102	\$ -	\$ -	\$ 511,976
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>\$ 414,874</u>	<u>\$ 97,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,976</u>
Segment income (loss)	<u>\$ 121,593</u>	<u>(\$ 31,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,947</u>
Segment income (loss), including:					
Depreciation and amortisation	<u>\$ 19,977</u>	<u>\$ 8,857</u>	<u>\$ 4,067</u>	<u>\$ -</u>	<u>\$ 32,901</u>
Segment assets	<u>\$ 790,993</u>	<u>\$ 55,930</u>	<u>\$ 418,261</u>	<u>\$ -</u>	<u>\$ 1,265,184</u>
	Year ended December 31, 2020				
	Biomedical products	Consumer products	Others	Adjustments and write-offs	Total
<u>Revenue</u>					
Revenue from external customers	\$ 313,550	\$ 144,141	\$ -	\$ -	\$ 457,691
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>\$ 313,550</u>	<u>\$ 144,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,691</u>
Segment income (loss)	<u>\$ 69,395</u>	<u>(\$ 8,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,105</u>
Segment income (loss), including:					
Depreciation and amortisation	<u>\$ 19,864</u>	<u>\$ 9,004</u>	<u>\$ 4,324</u>	<u>\$ -</u>	<u>\$ 33,192</u>
Segment assets	<u>\$ 323,956</u>	<u>\$ 118,245</u>	<u>\$ 514,269</u>	<u>\$ -</u>	<u>\$ 956,470</u>

(4) Reconciliation for segment income(loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2021 and 2020 is provided as follows:

	Year ended December 31,	
	2021	2020
Reportable segments income/(loss)	\$ 89,947	\$ 61,105
Other segments income/(loss)	-	-
Total segments	89,947	61,105
Interest income	481	775
Finance costs	(196)	(250)
Others	7,234	15,106
Income before tax from continuing operations	\$ 97,466	\$ 76,736

(5) Information on products and services

Revenue from external customer mainly came from manufacturing and sale of biomedical materials and cosmetics.

Details of revenue are as follows:

	Year ended December 31	
	2021	2020
Sales revenue of biomedical products	\$ 414,874	\$ 313,550
Sales revenue from consumer products	97,102	144,141
Total	\$ 511,976	\$ 457,691

(6) Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 200,325	\$ 481,631	\$ 189,678	\$ 524,412
America	165,014	-	147,965	-
Europe	40,858	-	40,127	-
Asia	90,537	-	60,895	-
Others	15,242	-	19,026	-
Total	\$ 511,976	\$ 481,631	\$ 457,691	\$ 524,412

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Segment	Revenue	Segment
A company	\$ 77,908	Biomedical	\$ 51,288	Biomedical
B company	67,177	Biomedical	50,909	Biomedical
	\$ 145,085		\$ 102,197	

Maxigen Biotech Inc. and subsidiaries
 Significant inter-company transactions during the reporting periods
 Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Maxigen Biotech Inc	HORAY INC.	1	Sales of goods	\$ 11,897	The price and terms on sales are available to third parties.	2.32
0	Maxigen Biotech Inc	Dingshi Trade (Shanghai) CO., LTD.	1	Accounts receivable	11,620	Collection period was longer than non-related parties.	0.92
0	Maxigen Biotech Inc	HORAY INC.	1	Accounts receivable	-	The price and terms on sales are available to third parties.	0.00

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1)Parent company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Maxigen Biotech Inc. and subsidiaries
Information on investees
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss)	Investment income(loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for	recognised by the Company	
				December 31, 2021	December 31, 2020				the year ended	for the year ended	
								December 31, 2021	December 31, 2021		
Maxigen Biotech Inc.	HORAY INC.	Taiwan	Trading of cosmetics and beauty care products	\$ 5,000	\$ 5,000	500	100.00	\$ 8,496	(\$ 59)	(\$ 59)	None.
Maxigen Biotech Inc.	Maxigen Biotech International Investment Corporation Limited	Samoa	Reinvested business	72,276	72,276	2,230	100.00	(4,722)	(1,226)	(1,226)	None.

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Maxigen Biotech Inc. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dingshi Trade (Shanghai) CO., LTD.	Trading of cosmetics and beauty care products	USD 1,800	Note 1	\$ 58,193	\$ -	\$ -	\$ 58,193	(\$ 1,226)	100.00	(\$ 1,226)	(\$ 4,721)	\$ -	Note 3 Note 4
Samoa Maxigen Biotechnology International Investment Co., Ltd.	Trading of biomedical materials and health food	-	Note 1	5,818	-	-	5,818	-	-	-	-	-	Note 2
Zhejiang Maxigen Biotech Inc.	Trading of biomedical materials and health food	-	Note 1	7,893	-	-	7,893	-	-	-	-	-	Note 2

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Maxigen Biotech International Investment Corporation Limited and then invest in Mainland China.

Note 2: Samoa Maxigen Biotechnology International Investment Co., Ltd. Shanghai Representative Office and Zhejiang Maxigen Biotech Inc. had been cancelled in prior year or stopped investment and recognised loss from disposal.

Note 3: The amount recognised was based on the financial statements that were audited by R.O.C. parent company's CPA firm.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Maxigen Biotech Inc.	\$ 71,904	\$ 68,646	\$ 685,031

Note 4: The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.344, USD\$1 : NTD\$27.68. Income presents at RMB\$1 : NTD\$4.3402.

USD\$1 : NTD\$27.9983.

Note 5: The amount is the higher of limits on accumulated investment amounts or 60% of consolidated net assets was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Maxigen Biotech Inc. and subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Maximum balance during the year ended December 31, 2021	Financing			Others
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose		Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	
Dingshi Trade (Shanghai) CO., LTD.	\$ -	-	\$ -	-	\$ 11,620	0.10	\$ -	-	\$ -	\$ -	-	\$ -	

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Maxigen Biotech Inc. and subsidiaries

Major shareholders information

December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

		Shares	
Name of major shareholders	Name of shares held (unit: shares)	Ownership (%)	
TCI CO., LTD.	17,579,881	22.83%	
FORMOSA BIOMEDICAL TECHNOLOGY CORPORATION	7,534,235	9.78%	
NuVasive Inc.	4,120,000	5.35%	

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Maxigen Biotech Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Maxigen Biotech Inc., Ltd. (the “Company”) as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Maxigen Biotech Inc., Ltd as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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.

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2021 are outlined as follows:

Existence and occurrence of top ten customers

Description

The Company's and its subsidiaries' (listed as investments accounted for under equity method) primarily engaged in production and sales of biomedical materials and care products. Except for Taiwan, the Company's and its subsidiaries' (listed as investments accounted for under equity method) customers spread in America, Europe, Mainland China and South East Asia, the transaction terms for each customer were not the same, the audit procedures required more human resource, and the revenue from the Company's and its subsidiaries' (listed as investments accounted for under equity method) top 10 customers presented significant proportion in the operating revenue of consolidated financial statements. Thus, we considered existence and occurrence of top 10 sales customers as a key audit matter.

Please refer to Note 4(25) for accounting policies on revenue recognition and Note 6(18) for details of sales revenue and Note 6(5) for details of investments accounted for under equity method.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Understood and tested the internal control of sales revenue recognition of top 10 customers, and tested the effectiveness of internal control in relation to the sales revenue.
- B. Sampled and verified the sales orders and delivery documents of top 10 customers, and confirmed that the sales revenue transaction actually occurred.
- C. Sampled and verified the sales returns and discounts of top 10 customers, and confirmed the existence of sales revenue recognition.

Other matter – Parent company only financial reports

The financial statements of the parent company only for the year ended December 31, 2020, were audited by other auditors who expressed an unmodified opinion on those statements dated March 22, 2021.

Responsibilities of management and those charged with governance 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 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 the Company’s financial reporting process.

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

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

1. Identify and assess the risks of material misstatement of the 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 not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 appropriate audit evidence regarding the financial information of the 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan
March 21, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 497,271	39	\$ 193,434	20
1136	Current financial assets at amortised cost		26,872	2	13,131	1
1150	Notes receivable, net	6(3)	47,629	4	35,564	4
1170	Accounts receivable, net	6(3)	45,625	4	46,727	5
1180	Accounts receivable due from related parties, net	7	28,311	2	24,502	2
1200	Other receivables		4,110	-	5,658	1
1210	Other receivables due from related parties	7	46	-	40	-
130X	Current inventories	6(4)	78,954	6	86,984	9
1410	Prepayments	6(6)	49,759	4	19,296	2
1470	Other current assets		184	-	419	-
11XX	Current assets		<u>778,761</u>	<u>61</u>	<u>425,755</u>	<u>44</u>
Non-current assets						
1550	Investments accounted for using equity method	6(5)	8,496	1	8,555	1
1600	Property, plant and equipment	6(7)	456,062	36	469,598	49
1755	Right-of-use assets	6(8)	9,391	1	11,753	1
1760	Investment property, net	6(9)	8,859	1	8,890	1
1780	Intangible assets	6(10)	1,830	-	1,673	-
1840	Deferred tax assets	6(25)	393	-	1,076	-
1900	Other non-current assets	6(6)(12)	5,111	-	31,237	4
15XX	Non-current assets		<u>490,142</u>	<u>39</u>	<u>532,782</u>	<u>56</u>
1XXX	Current tax assets		<u>\$ 1,268,903</u>	<u>100</u>	<u>\$ 958,537</u>	<u>100</u>

(Continued)

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(18) and 7	\$ 9,822	1	\$ 2,417	-
2150	Notes payable		100	-	-	-
2170	Accounts payable		17,536	1	27,905	3
2180	Accounts payable to related parties	7	23,281	2	5,096	1
2200	Other payables	6(11)	52,610	4	38,756	4
2220	Other payables to related parties	7	54	-	-	-
2230	Current tax liabilities	6(26)	9,281	1	8,626	1
2280	Current lease liabilities		2,362	-	2,320	-
2300	Other current liabilities		21	-	11	-
21XX	Current liabilities		<u>115,067</u>	<u>9</u>	<u>85,131</u>	<u>9</u>
Non-current liabilities						
2580	Non-current lease liabilities		7,278	1	9,640	1
2600	Other non-current liabilities	6(5)	4,840	-	3,539	-
25XX	Non-current liabilities		<u>12,118</u>	<u>1</u>	<u>13,179</u>	<u>1</u>
2XXX	Liabilities		<u>127,185</u>	<u>10</u>	<u>98,310</u>	<u>10</u>
Equity						
Share capital		6(14)				
3110	Ordinary share		769,992	61	694,650	73
Capital surplus		6(17)				
3200	Capital surplus		264,392	20	89,181	9
Retained earnings		6(18)				
3310	Legal reserve		19,604	2	13,289	1
3320	Special reserve		2,985	-	2,931	-
3350	Unappropriated retained earnings		87,706	7	63,161	7
Other equity interest		6(17)				
3400	Other equity interest		(2,961)	-	(2,985)	-
3XXX	Equity		<u>1,141,718</u>	<u>90</u>	<u>860,227</u>	<u>90</u>
3X2X	Total liabilities and equity		<u>\$ 1,268,903</u>	<u>100</u>	<u>\$ 958,537</u>	<u>100</u>

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

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7	\$ 511,304	100	\$ 455,279	100
5000 Operating costs	6(4)(14)(24)(25) and 7	(250,949)	(49)	(243,171)	(53)
5900 Net operating margin		<u>260,355</u>	<u>51</u>	<u>212,108</u>	<u>47</u>
Operating expenses	6(14)(24)(25)				
6100 Selling expenses		(39,032)	(8)	(33,550)	(8)
6200 General and administrative expenses		(52,457)	(10)	(49,731)	(11)
6300 Research and development expenses		(75,681)	(15)	(69,150)	(15)
6450 Impairment loss determined in accordance with IFRS 9		(3,024)	-	97	-
6000 Total operating expenses		<u>(170,194)</u>	<u>(33)</u>	<u>(152,334)</u>	<u>(34)</u>
6900 Operating profit		<u>90,161</u>	<u>18</u>	<u>59,774</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income		470	-	750	-
7010 Other income	6(20) and 7	11,453	2	22,990	5
7020 Other gains and losses	6(21)	(3,205)	(1)	(8,516)	(2)
7050 Finance costs	6(22)	(194)	-	(236)	-
7070 Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(5)	(1,285)	-	1,616	1
7000 Total non-operating income and expenses		<u>7,239</u>	<u>1</u>	<u>16,604</u>	<u>4</u>
7900 Profit before income tax		<u>97,400</u>	<u>19</u>	<u>76,378</u>	<u>17</u>
7950 Income tax expense	6(25)	(9,733)	(2)	(13,067)	(3)
8200 Profit for the year		<u>\$ 87,667</u>	<u>17</u>	<u>\$ 63,311</u>	<u>14</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans		\$ 269	-	(\$ 164)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(5)(17)	24	-	(54)	-
8300 Other comprehensive loss for the year		<u>\$ 293</u>	<u>-</u>	<u>(\$ 218)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 87,960</u>	<u>17</u>	<u>\$ 63,093</u>	<u>14</u>
Earnings per share (In dollars)					
9750 Basic earnings per share	6(26)	<u>\$ 1.21</u>		<u>\$ 0.91</u>	
9850 Diluted earnings per share	6(26)	<u>\$ 1.20</u>		<u>\$ 0.91</u>	

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

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings			Financial statements translation differences of foreign operations	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings		
<u>For the year ended December 31, 2018</u>								
Balance at January 1, 2018		\$ 694,650	\$ 89,181	\$ 7,284	\$ 3,078	\$ 60,055	(\$ 2,931)	\$ 851,317
Profit for the year		-	-	-	-	63,311	-	63,311
Other comprehensive loss for the year	6(14)	-	-	-	-	(164)	(54)	(218)
Total comprehensive income (loss)		-	-	-	-	63,147	(54)	63,093
Appropriations of 2017 earnings (Note 2)								
Legal reserve		-	-	6,005	-	(6,005)	-	-
Special reserve		-	-	-	(147)	147	-	-
Cash dividends		-	-	-	-	(54,183)	-	(54,183)
Balance at December 31, 2018		\$ 694,650	\$ 89,181	\$ 13,289	\$ 2,931	\$ 63,161	(\$ 2,985)	\$ 860,227

(Continued)

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings			Financial statements translation differences of foreign operations	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings		
<u>For the year ended December 31, 2019</u>								
Balance at January 1, 2019		\$ 694,650	\$ 89,181	\$ 13,289	\$ 2,931	\$ 63,161	(\$ 2,985)	\$ 860,227
Profit for the year		-	-	-	-	87,667	-	87,667
Other comprehensive loss for the year	6(17)	-	-	-	-	269	24	293
Total comprehensive income (loss)		-	-	-	-	87,936	24	87,960
Appropriations of 2018 earnings								
Legal reserve		-	-	6,315	-	(6,315)	-	-
Special reserve		-	-	-	54	(54)	-	-
Cash dividends		-	-	-	-	(56,267)	-	(56,267)
Share-based payments	6(13)(24)	-	3,203	-	-	(755)	-	2,448
Seasoned equity offering		75,342	172,008	-	-	-	-	247,350
Balance at December 31, 2019		<u>\$ 769,992</u>	<u>\$ 264,392</u>	<u>\$ 19,604</u>	<u>\$ 2,985</u>	<u>\$ 87,706</u>	<u>(\$ 2,961)</u>	<u>\$ 1,141,718</u>

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

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 97,400	\$ 76,378
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment loss determined in accordance with IFRS 9	6(3)	3,024	(97)
Gain on disposal of property, plant and equipment	6(21)	(295)	-
Share of profit of subsidiaries accounted for under equity method	6(5)	1,285	(1,616)
Depreciation	6(6)(7)(23)	31,705	31,753
Amortisation	6(10)(23)	1,031	1,162
Interest income	6(19)	(470)	(750)
Interest expense	6(22)	194	236
Compensation cost arising from employee stock options	6(15)	2,448	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(12,065)	(11,047)
Accounts receivable		(1,922)	(8,695)
Accounts receivable due from related parties		(3,809)	25,427
Other receivables		1,548	2,645
Other receivables due from related parties	7	(6)	(40)
Inventories		8,030	1,131
Prepayments		(30,463)	(9,311)
Other current assets		235	386
Changes in operating liabilities			
Contract liabilities - current		7,405	(5,276)
Notes payable		100	(50)
Accounts payable		(10,369)	(5,883)
Accounts payable to related parties	7	18,185	5,096
Other payables		12,333	(2,351)
Other payables to related parties	7	54	-
Other current liabilities		10	(214,541)
Cash inflow (outflow) generated from operations		125,588	(115,443)
Interest received		470	815
Interest paid		(191)	(8,819)
Income tax paid		(8,395)	(16,230)
Net cash flows from (used in) operating activities		117,472	(139,677)

(Continued)

MAXIGEN BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment		(\$ 14,258)	(\$ 10,739)
Proceeds from disposal of property, plant and equipment		295	-
Acquisition of intangible assets	6(10)	(1,188)	(599)
Increase in financial assets at amortised cost		(13,741)	151,918
(Increase) decrease in refundable deposits		(1,482)	10
Decrease (increase) in other non-current assets		<u>27,877</u>	<u>(1,415)</u>
Net cash flows (used in) from investing activities		<u>(2,497)</u>	<u>139,175</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of principal portion of lease liabilities	6(7)	(2,320)	(2,280)
Increase (decrease) in other non-current liabilities		99	(70)
Cash dividends paid		(56,267)	(54,183)
Proceeds from issuance of shares		<u>247,350</u>	<u>-</u>
Net cash flows from (used in) financing activities		<u>188,862</u>	<u>(56,533)</u>
Net increase (decrease) in cash and cash equivalents		303,837	(57,035)
Cash and cash equivalents at beginning of year	6(1)	<u>193,434</u>	<u>250,469</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 497,271</u>	<u>\$ 193,434</u>

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

MAXIGEN BIOTECH INC. AND SUBSIDIARIES
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Maxigen Biotech Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in collagen purification, research and development, production and sales of implantable medical device, and production, manufacturing, wholesale and retail of cosmetics. TCI CO., LTD. held 22.83% equity shares in the Company.

2. The Date of Authorisation for Issuance of the Parent Company Only Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 21, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC

Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities , associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost and accounts receivable that contain a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiary

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have

- been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
 - D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.
 - F. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if

appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15 ~ 50 years
Machinery and equipment	3 ~ 8 years
Transportation and equipment	3 ~ 6 years
Office equipment	5 ~ 10 years

(13) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate; and

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful

life of 15 ~ 50 years.

(15) Intangible assets

A. Trademarks, patents and business rights

Separately acquired trademarks, patents and business rights are stated at historical cost. Trademarks, patents and business rights acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, patents and business rights have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 15 to 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

C. Technology authorisation and certification fee

Technology authorisation and certification fee is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 7 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the accrued amounts and the subsequently actual distributed amounts resolved by the shareholders is accounted for as changes in estimates.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value

of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the parent company only balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

The Company manufactures and sells consumer products related to biomedical materials. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 217	\$ 219
Checking accounts and demand deposits	497,054	193,215
Total	<u>\$ 497,271</u>	<u>\$ 193,434</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2021 and 2020, the Company had restricted time deposits in performance guarantee accounts due to government grants in the amounts of \$26,872 and \$13,131 which were classified as 'financial assets at amortised cost', please refer to Note 8.

(2) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits	<u>\$ 26,872</u>	<u>\$ 13,131</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 386</u>	<u>\$ 369</u>

B. The Company's financial assets at amortised cost comprise of the time deposits in banks with good credit rating.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$26,872 and \$13,131, respectively.

D. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

E. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 47,629	\$ 35,564
Less: Loss allowance	-	-
	<u>\$ 47,629</u>	<u>\$ 35,564</u>
Accounts receivable	\$ 48,649	\$ 46,727
Less: Loss allowance	(3,024)	-
	<u>\$ 45,625</u>	<u>\$ 46,727</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 88,270	\$ 81,300
Up to 30 days	380	991
31 to 90 days	-	-
91 to 180 days	4,604	-
Over 180 days	-	-
	<u>\$ 93,254</u>	<u>\$ 82,291</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2021 and 2020, the balances of receivables (including notes receivable) due to the Company's and customers' contracts were \$93,254 and \$82,291, respectively.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$47,829 and \$35,564 ; \$45,625 and \$46,727, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 31,625	(\$ 5,988)	\$ 25,637
Work in progress	21,732	(1,670)	20,062
Finished goods	28,245	(555)	27,690
Inventory in transit	5,565	-	5,565
	<u>\$ 87,167</u>	<u>(\$ 8,213)</u>	<u>\$ 78,954</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 72,731	(\$ 16,064)	\$ 56,667
Work in progress	19,606	(6,151)	13,455
Finished goods	25,305	(8,444)	16,861
	<u>\$ 117,642</u>	<u>(\$ 30,659)</u>	<u>\$ 86,983</u>

The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020, was \$250,949 and \$243,171, respectively, including the amounts of \$12,804 and \$8,309, respectively, that the Company wrote down from cost to net realisable value accounted for as cost of goods sold.

(5) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 8,555	\$ 7,272
At the beginning of credit balance of investments accounted for using equity method transferred to other non-current liabilities	(3,520)	(3,799)
Share of profit or loss of investments accounted for using equity method	(1,285)	1,616
Changes in other equity items	24	(54)
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	<u>4,722</u>	<u>3,520</u>
At December 31	<u>\$ 8,496</u>	<u>\$ 8,555</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
HORAY INC.	\$ 8,496	\$ 8,555
Maxigen Biotech International Investment Corporation Limited	<u>(4,722)</u>	<u>(3,520)</u>
	3,774	5,035
Add: Credit balance of investments accounted for under equity method (shown as '2600 other noncurrent liabilities')	<u>4,722</u>	<u>3,520</u>
	<u>\$ 8,496</u>	<u>\$ 8,555</u>

Information about the Company's subsidiaries is provided in Note 4(3) of the 2021 consolidated financial statements.

(6) Other current assets and other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current assets		
Prepaid expenses	\$ 47,801	\$ 17,996
Prepayments to suppliers	1,680	1,037
Prepaid insurance premiums	<u>278</u>	<u>263</u>
Total	<u>\$ 49,759</u>	<u>\$ 19,296</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other non-current assets		
Prepaid expenses	\$ -	\$ 27,891
Net defined benefit asset	2,901	2,618
Guarantee deposits paid	<u>2,210</u>	<u>728</u>
	<u>\$ 5,111</u>	<u>\$ 31,237</u>

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished Construction	Total
<u>At January 1</u>								
Cost	\$ 133,225	\$ 301,798	\$ 111,504	\$ 3,356	\$ 26,404	\$ 21,863	\$ 26,034	\$ 624,184
Accumulated depreciation	-	(45,165)	(69,758)	(2,892)	(18,140)	(18,631)	-	(154,586)
	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>
<u>2021</u>								
At January 1	\$ 133,225	\$ 256,633	\$ 41,746	\$ 464	\$ 8,264	\$ 3,232	\$ 26,034	\$ 469,598
Additions	-	685	4,269	-	3,197	447	7,178	15,776
Reclassifications	-	-	13,007	-	26	1,386	(14,419)	-
Depreciation charge	-	(10,529)	(14,371)	(326)	(3,228)	(858)	-	(29,312)
At December 31	<u>\$ 133,225</u>	<u>\$ 246,789</u>	<u>\$ 44,651</u>	<u>\$ 138</u>	<u>\$ 8,259</u>	<u>\$ 4,207</u>	<u>\$ 18,793</u>	<u>\$ 456,062</u>
<u>At September 31</u>								
Cost	\$ 133,225	\$ 302,483	\$ 128,739	\$ 1,256	\$ 29,553	\$ 23,696	\$ 18,793	\$ 637,745
Accumulated depreciation	-	(55,694)	(84,088)	(1,118)	(21,294)	(19,489)	-	(181,683)
	<u>\$ 133,225</u>	<u>\$ 246,789</u>	<u>\$ 44,651</u>	<u>\$ 138</u>	<u>\$ 8,259</u>	<u>\$ 4,207</u>	<u>\$ 18,793</u>	<u>\$ 456,062</u>
<u>At January 1</u>								
Cost	\$ 133,225	\$ 301,798	\$ 110,290	\$ 3,356	\$ 26,132	\$ 23,184	\$ 20,193	\$ 618,178
Accumulated depreciation	-	(34,654)	(58,816)	(2,340)	(14,980)	(19,855)	-	(130,645)
	<u>\$ 133,225</u>	<u>\$ 267,144</u>	<u>\$ 51,474</u>	<u>\$ 1,016</u>	<u>\$ 11,152</u>	<u>\$ 3,329</u>	<u>\$ 20,193</u>	<u>\$ 487,533</u>
<u>2020</u>								
At January 1	\$ 133,225	\$ 267,144	\$ 51,474	\$ 1,016	\$ 11,152	\$ 3,329	\$ 20,193	\$ 487,533
Additions	-	-	4,329	-	709	382	6,004	11,424
Reclassifications	-	-	-	-	-	163	(163)	-
Depreciation charge	-	(10,511)	(14,057)	(552)	(3,597)	(642)	-	(29,359)
At December 31	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>
<u>At December 31</u>								
Cost	\$ 133,225	\$ 301,798	\$ 111,504	\$ 3,356	\$ 26,404	\$ 21,863	\$ 26,034	\$ 624,184
Accumulated depreciation	-	(45,165)	(69,758)	(2,892)	(18,140)	(18,631)	-	(154,586)
	<u>\$ 133,225</u>	<u>\$ 256,633</u>	<u>\$ 41,746</u>	<u>\$ 464</u>	<u>\$ 8,264</u>	<u>\$ 3,232</u>	<u>\$ 26,034</u>	<u>\$ 469,598</u>

Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(8) Leasing arrangements-lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 9,391</u>	<u>\$ 11,753</u>

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 2,362</u>	<u>\$ 2,363</u>

C. For the years ended December 31, 2021 and 2020, there were no additions to right-of-use assets .

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 194</u>	<u>\$ 235</u>
Expense on lease of low-value assets	<u>\$ 199</u>	<u>\$ 159</u>

E. For the years ended December 31, 2021 and 2020, the additions total cash outflow for leases were \$2,713 and \$2,674, respectively.

(9) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(637)</u>	<u>(637)</u>
	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>
<u>2021</u>			
At January 1	\$ 7,949	\$ 941	\$ 8,890
Accumulated depreciation and impairment	<u>-</u>	<u>31</u>	<u>31</u>
At December 31	<u>\$ 7,949</u>	<u>\$ 910</u>	<u>\$ 8,859</u>
<u>At December 31</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(668)</u>	<u>(668)</u>
	<u>\$ 7,949</u>	<u>\$ 910</u>	<u>\$ 8,859</u>
<u>At January 1</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(606)</u>	<u>(606)</u>
	<u>\$ 7,949</u>	<u>\$ 972</u>	<u>\$ 8,921</u>
<u>2020</u>			
At January 1	\$ 7,949	\$ 972	\$ 8,921
Depreciation charge	<u>-</u>	<u>(31)</u>	<u>(31)</u>
At December 31	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>
<u>At December 31</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	<u>-</u>	<u>(637)</u>	<u>(637)</u>
	<u>\$ 7,949</u>	<u>\$ 941</u>	<u>\$ 8,890</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2021	2020
Rental income from investment property	\$ 381	\$ 233
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 228	\$ 167

B. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 was \$19,359 and \$20,514, respectively. The valuation was estimated from the average transaction price in the location of investment property and was categorised within Level 3 fair value.

(10) Intangible assets

	Trademarks and patents	Business rights	Technology authorisation and certification fee	Computer software	Total
At January 1					
Cost	\$ 1,200	\$ 4,800	\$ 8,464	\$ 1,346	\$ 15,810
Accumulated amortisation and impairment	(800)	(4,800)	(7,765)	(772)	(14,137)
	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>
<u>2021</u>					
At January 1	\$ 400	\$ -	\$ 699	\$ 574	\$ 1,673
Additions	-	-	179	1,009	1,188
Amortisation charge	(120)	-	(322)	(589)	(1,031)
At December 31	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 994</u>	<u>\$ 1,830</u>
At December 31					
Cost	\$ 1,200	\$ 4,800	\$ 8,643	\$ 2,355	\$ 16,998
Accumulated amortisation and impairment	(920)	(4,800)	(8,087)	(1,361)	(15,168)
	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 994</u>	<u>\$ 1,830</u>

	<u>Trademarks and patents</u>	<u>business rights</u>	<u>Technology authorisation and certification fee</u>	<u>Computer software</u>	<u>Total</u>
At January 1					
Cost	\$ 1,200	\$ 4,800	\$ 8,173	\$ 1,038	\$ 15,211
Accumulated amortisation and impairment	(680)	(4,800)	(7,163)	(332)	(12,975)
	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 706</u>	<u>\$ 2,236</u>
<u>2020</u>					
At January 1	\$ 520	\$ -	\$ 1,010	\$ 706	\$ 2,236
Additions	-	-	291	308	599
Amortisation charge	(120)	-	(602)	(440)	(1,162)
At December 31	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>
At December 31					
Cost	\$ 1,200	\$ 4,800	\$ 8,464	\$ 1,346	\$ 15,810
Accumulated amortisation and impairment	(800)	(4,800)	(7,765)	(772)	(14,137)
	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 574</u>	<u>\$ 1,673</u>

A. Details of amortisation on intangible assets are as follows:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 18	-
Selling expenses	193	196
General & administrative expenses	498	364
Research and development expenses	322	602
	<u>\$ 1,031</u>	<u>\$ 1,162</u>

(11) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salary and bonus payable	\$ 24,551	\$ 11,779
Employees' dividends and directors' remuneration payable	15,489	1,848
Payable on machinery and equipment	2,374	856
Other payables	10,196	24,273
	<u>\$ 52,610</u>	<u>\$ 38,756</u>

(12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 2,715)	(\$ 2,898)
Fair value of plan assets	<u>5,616</u>	<u>5,516</u>
Net defined benefit asset	<u>\$ 2,901</u>	<u>\$ 2,618</u>

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 2,898)	\$ 5,516	\$ 2,618
Interest(expense) income	(15)	28	13
	<u>(2,913)</u>	<u>5,544</u>	<u>2,631</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	71	71
Change in demographic assumption	(58)	-	(58)
Change in financial assumptions	97	-	97
Experience adjustments	159	-	159
	<u>198</u>	<u>71</u>	<u>269</u>
Pension fund contribution	-	1	1
At December 31	<u>(\$ 2,715)</u>	<u>\$ 5,616</u>	<u>\$ 2,901</u>
	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 2,544)	\$ 5,301	\$ 2,757
Interest(expense) income	(22)	46	24
	<u>(2,566)</u>	<u>5,347</u>	<u>2,781</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	168	168
Change in financial assumptions	(193)	-	(193)
Experience adjustments	(139)	-	(139)
	<u>(332)</u>	<u>168</u>	<u>(164)</u>
Pension fund contribution	-	1	1
At December 31	<u>(\$ 2,898)</u>	<u>\$ 5,516</u>	<u>\$ 2,618</u>

- (d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2021	2020
Discount rate	0.75%	0.50%
Future salary increase	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 94)	\$ 98	\$ 95	(\$ 92)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 104)	\$ 109	\$ 106	(\$ 102)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending

December 31, 2022 amounts to \$1.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 14 years

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$4,384 and \$4,405, respectively.

(13) Share-based payment

A. For the year ended December 31, 2021, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee share options	November 3, 2021	2,630,000	6 years	Service for 2 years can be vested with 40% Service for 3 years can be vested with 80% Service for 4 years can be vested with 100%

The abovementioned share-based payment arrangements all are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	<u>No. of options</u>	<u>Weighted-average exercise price(in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	2,630,000	50.80
Options outstanding at December 31	2,630,000	-
Options exercisable at December 31	-	-

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected</u>		<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
				<u>price</u>	<u>option life</u>			
Employee share options	November 3, 2021	50.8	50.8	43.63%~	5	-	0.41%~	18.94~
				47.84%			0.44%	19.37

Note: Expected price volatility rate was estimated using the stock prices of the most recent period

with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

D. Expenses incurred on share-based payment transactions are shown below:

	<u>Year ended December 31</u>	
	<u>2021</u>	
Equity-settled-the Company	\$	3,203
Cash-settled-parent company (accounted as '3350 undistributed earnings')		<u>755</u>
	<u>\$</u>	<u>3,958</u>

(14) Share capital

A. On December 31, 2021, the Company's authorised capital was \$1,000,000, and the paid-in capital was \$769,992 with a par value of \$10 per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1 (in thousands of shares)	69,465	69,465
Cash capital increase-private placement	<u>7,534</u>	<u>-</u>
At December 31 (in thousands of shares)	<u>\$ 76,999</u>	<u>\$ 69,465</u>

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on July 12, 2021 adopted a resolution to raise additional cash through private placement with the effective date set on August 6, 2021. The maximum number of shares to be issued through the private placement is 11,000 thousand shares at a subscription price of \$41.03 (in dollars) per share. The amount of capital raised through the private placement was \$247,350 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of

10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

- B. The Company's dividend policy is summarised below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and share dividends shall account for at least 50% of the total dividends distributed, the remaining can be distributed as cash dividend.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The Company recognised dividends distributed to owners amounting to \$56,267 (\$0.73 (in dollars) per share) and \$56,267 (\$0.73 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 21, 2022, the stockholders resolved that total dividends for the distribution of earnings for the year of 2021 was \$76,999 at \$0.1 (in dollars) per share.

(17) Other equity items

	2021	2022
	Foreign currency translation	Foreign currency translation
At January 1	\$ 2,985	\$ 2,931
Currency translation differences	(24)	54
At December 31	<u>\$ 2,961</u>	<u>\$ 2,985</u>

(18) Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods	\$ 505,352	\$ 449,044
Other operating revenue	5,952	6,235
Revenue from contracts with customers	<u>\$ 511,304</u>	<u>\$ 455,279</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31,	
	2021	2020
	<u>Revenue external customer</u>	<u>Revenue external customer</u>
Biomedical products	\$ 414,874	\$ 313,550
Consumer products	96,430	141,729
Total	<u>\$ 511,304</u>	<u>\$ 455,279</u>

B. Contract assets and liabilities

As of December 31, 2021, December 31, 2020 and January 1, 2020, the Company did not recognised contract assets in relation to revenue from customers' contract. In addition, the Company recognised contract liabilities as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities – advance receipts	\$ 9,822	\$ 2,417	\$ 7,693

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance receipts	<u>\$ 3,398</u>	<u>\$ -</u>

(19) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 71	\$ 368
Interest income from financial assets measured at amortised cost	386	369
Imputed interest income on deposits	13	13
	<u>\$ 470</u>	<u>\$ 750</u>

(20) Other income

	Year ended December 31	
	2021	2020
Rental revenue	\$ 415	\$ 268
Grant revenues	10,125	22,433
Other income, others	913	289
	<u>\$ 11,453</u>	<u>\$ 22,990</u>

(21) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange losses	(\$ 3,469)	(\$ 5,968)
Compensation losses	-	(2,518)
Miscellaneous disbursements	(31)	(30)
Gains on disposal of property, plant and equipment	295	-
	<u>(\$ 3,205)</u>	<u>(\$ 8,516)</u>

(22) Finance costs

	Year ended December 31	
	2021	2020
Interest expense		
Interest on lease liabilities	\$ 194	\$ 235
Other interest	-	1
	<u>\$ 194</u>	<u>\$ 236</u>

(23) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	\$ 126,344	\$ 115,504
Depreciation charges on property, plant and equipment	29,312	29,359
Depreciation expenses on investment property	31	31
Depreciation charges on right-of-use assets	2,362	2,363
Amortisation charges on intangible assets	1,031	1,162

(24) Employee benefit expense

	Year ended December 31	
	2021	2020
Wages and salaries	\$ 105,898	\$ 98,078
Employee stock options	2,448	-
Labour and health insurance fees	9,042	8,609
Pension costs	4,371	4,381
Other personnel expenses	4,585	4,436
	<u>\$ 126,344</u>	<u>\$ 115,504</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$11,289 and \$5,933, respectively; while directors' remuneration was accrued at \$4,200 and \$1,848, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and not higher than 5% of distributable profit for the year ended December 31, 2021, respectively.

For the year ended December 31, 2020, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to \$5,933 and \$1,848, respectively, which were in agreement with those amounts recognised in the 2020 financial statements.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 16,080	\$ 15,113
Prior year income tax overestimation	(7,030)	(2,910)
Total current tax	<u>9,050</u>	<u>12,203</u>
Deferred tax:		
Origination and reversal of temporary difference	<u>683</u>	<u>864</u>
Total deferred tax	<u>683</u>	<u>864</u>
Income tax expenses	<u>\$ 9,733</u>	<u>\$ 13,067</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
Income tax calculated by applying statutory rate to the profit before tax	\$ 19,480	\$ 15,275
Expenses disallowed by tax regulation	882	6
Tax exempt income by tax regulation	-	(323)
Prior year unrecognised deferred tax assets	(3,599)	1,019
Prior year income tax (over) underestimation	(7,030)	(2,910)
Income tax expenses	<u>\$ 9,733</u>	<u>\$ 13,067</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences were as follows:

	2021		
	At January 1	Recognised in	
		profit or loss	At December 31
— Deferred tax assets:			
Temporary differences:			
Allowance for valuation loss on inventories	\$ 1,293	(\$ 965)	\$ 328
Others	(217)	<u>282</u>	<u>65</u>
Total	<u>\$ 1,076</u>	<u>(\$ 683)</u>	<u>\$ 393</u>
	2020		
	At January 1	Recognised in	
		profit or loss	At December 31
— Deferred tax assets:			
Temporary differences:			
Allowance for valuation loss on inventories	\$ 1,871	(\$ 578)	\$ 1,293
Others	(469)	<u>252</u>	(217)
Total	<u>\$ 1,402</u>	<u>(\$ 326)</u>	<u>\$ 1,076</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax

Authority.

(26) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 87,667	72,520	\$ 1.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	87,667	72,520	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	263	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 87,667	\$ 72,783	\$ 1.20
<u>Year ended December 31, 2020</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 63,311	69,465	\$ 0.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	63,311	69,465	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	346	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 63,311	\$ 69,811	\$ 0.91

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	\$ 15,776	\$ 11,424
Add: Opening balance of payable on equipment	856	171
Less: Ending balance of payable on equipment	(2,374)	(856)
Cash paid during the period	<u>\$ 14,258</u>	<u>\$ 10,739</u>

(28) Changes in liabilities from financing activities

	Year ended December 31	
	2021	2020
At January 1,	\$ 11,960	\$ 14,691
Changes in cash flow from financing activities	(2,320)	(2,731)
At December 31	<u>\$ 9,640</u>	<u>\$ 11,960</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

TCI CO., LTD. (incorporated in R.O.C.) is the Company's ultimate parent company which directly held 22.83% of equity interest in the Company.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
NuVasive Inc.	Other related parties
Zhongjia Investment Development Co., Ltd.	Other related parties
Dingshi Trade (Shanghai) Co., Ltd..	Subsidiary
Dahua Venture Capital Co., Ltd.	Other related parties
GENE & NEXT INC. (GENE & NEXT)	Other related parties
HORAY INC.	Subsidiary
TCI LIVING CO., LTD. (TCI LIVING)	Other related parties
TCI CO., LTD.	Ultimate parent

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods:		
NuVasive Inc.	\$ 77,908	\$ 51,288
Subsidiary	11,897	35,920
Ultimate parent	3,592	-
Other related parties	25	4
	<u>\$ 93,422</u>	<u>\$ 87,212</u>

Goods are sold based on the terms that would be available to third parties.

B. Purchases:

	Year ended December 31	
	2021	2020
Purchases of goods:		
NuVasive Inc.	\$ 28,468	\$ 14,940
Ultimate parent	6,311	-
	<u>\$ 34,779</u>	<u>\$ 14,940</u>

Goods sold to related parties are based on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable:		
NuVasive Inc.	\$ 8,992	\$ 6,443
Subsidiary	11,619	18,059
Ultimate Parent	7,700	-
	<u>\$ 28,311</u>	<u>\$ 24,502</u>
Other receivables:		
Subsidiary	\$ 41	\$ 40
Ultimate parent	5	-
	<u>\$ 46</u>	<u>\$ 40</u>

Receivables from related parties arise from sales of goods. The receivables are due 60-90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
NuVasive Inc.	\$ 16,654	\$ 5,096
Ultimate parent	<u>6,627</u>	<u>-</u>
	<u>\$ 23,281</u>	<u>\$ 5,096</u>
Other payables:		
Ultimate parent	\$ 23	\$ -
Other related parties	<u>31</u>	<u>-</u>
	<u>\$ 54</u>	<u>\$ -</u>

Accounts payable to related parties are mainly arising from purchases of goods and the payables bear no interest.

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 13,401	\$ 14,528
Post-employment benefits	240	305
Share-based payment	<u>1,351</u>	<u>-</u>
Total	<u>\$ 14,992</u>	<u>\$ 14,833</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Land	\$ -	\$ 133,225	Long-term borrowings
Building and structures	-	249,956	Long-term borrowings
Financial assets at amortised cost - current	<u>13,032</u>	<u>13,131</u>	Performance guarantee account due to government grants
	<u>\$ 13,032</u>	<u>\$ 396,312</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021 and 2020, in coordination with the research and development of innovations and forward-looking technologies plan of the Ministry of Economic Affairs, the Company had issued guaranteed notes according to the grant contract both in the amount of \$43,200.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) Capital management

The Company's capital management is based on the scale of the industry which the Company is in, along with the industry's future cost and product development to set an appropriate market share. Furthermore, the Company determines an appropriate capital structure by planning a corresponding capital expenditure, calculating operation funds in accordance with operating plans, and considering the operating profits and cash flows that can be generated by products' competitiveness..

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 497,271	\$ 193,434
Financial assets at amortised cost	26,872	13,131
Notes receivable	47,629	35,564
Accounts receivable	45,625	46,727
Accounts receivable-due from related parties	28,311	24,502
Other receivables	4,110	5,658
Guarantee deposits paid	2,210	728
	<u>\$ 652,028</u>	<u>\$ 319,744</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 17,536	\$ 27,905
Accounts payable-to related parties	23,281	5,096
Other accounts payable	52,610	38,756
Guarantee deposits received	119	19
	<u>\$ 93,546</u>	<u>\$ 71,776</u>
Lease liability	<u>\$ 9,640</u>	<u>\$ 11,960</u>

B. Financial risk management policies

Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative

financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities
- ii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		December 31, 2021		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	9,323	27.68	\$ 258,061
RMB:NTD	RMB	5,672	4.344	24,639
EUR:NTD	EUR	143	31.32	4,479
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	976	27.68	\$ 27,016
RMB:NTD	RMB	8	4.3440	35

		December 31, 2020		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	4,990	28.48	\$ 142,115
RMB:NTD	RMB	4,119	4.38	18,029
EUR:NTD	EUR	125	35.02	4,378
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	169	28.48	\$ 4,813

- iii. The total exchange profit or loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to (\$3,469) and (\$5,968), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange

variation:

Year ended December 31, 2021				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>				
Monetary items				
USD:NTD	1%	\$	2,581	\$ -
RMB:NTD	1%		246	-
EUR:NTD	1%		45	-
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	1%	\$	270	\$ -
RMB:NTD	1%		0.35	-
Year ended Ddceember 31, 2020				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>				
Monetary items				
USD:NTD	1%	\$	1,421	\$ -
RMB:NTD	1%		180	-
EUR:NTD	1%		44	-
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	1%	\$	48	\$ -

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the management of credit risk, the default occurs when the contract payments are past due over certain days.
- v. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
- vi. The Company used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, others. On December 31, 2021 and 2020, the loss rate methodology were as follows:

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>At December 31,2021</u>					
Expected loss rate	0%~0.03%	5.03%	39.1%	100.00%	
Total book value	\$ 88,270	\$ 380	\$ 7,628	\$ -	\$ 96,278
Loss allowance	\$ 17	\$ 19	\$ 2,988	\$ -	\$ 3,024
<u>At December 31, 2020</u>					
Expected loss rate	0%-1%	0%~40%	40%~100%	100.00%	
Total book value	\$ 81,300	\$ 991	\$ -	\$ -	\$ 82,291
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -

- vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ -	\$ -
Provision for impairment	3,024	-
At December 31	<u>\$ 3,024</u>	<u>\$ -</u>
	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 97	\$ -
Reversal of impairment loss	(97)	-
At December 31	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. As of December 31, 2021 and 2020, there were no undrawn financing facilities.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2021</u>	<u>Between 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 100	\$ -	\$ -	\$ -
Accounts payable (including related parties)	40,817	-	-	-
Other payables	52,664	-	-	-
Lease liability	2,362	2,145	5,133	-
Guarantee deposits received	-	-	119	-
<u>December 31, 2020</u>	<u>Between 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 33,001	\$ -	\$ -	\$ -
Other payables	38,756	-	-	-
Lease liability	2,320	2,362	6,377	901
Guarantee deposits received	-	-	19	-

(3) Fair value

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The Company's fair value information of financial assets and financial liabilities not measured at fair value is provided in Note 12(2)A.

C. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and

Level 2.

D. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

13. Supplementary disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 1.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. Segment information

None.

Maxigen Biotech Inc. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Maxigen Biotech Inc	HORAY INC.	1	Sales of goods	\$ 11,897	The price and terms on sales are available to third parties.	2.32
0	Maxigen Biotech Inc	Dingshi Trade (Shanghai) CO., LTD.	1	Accounts receivable	11,620	Collection period was longer than non-related parties.	0.92
0	Maxigen Biotech Inc	HORAY INC.	1	Accounts receivable	-	The price and terms on sales are available to third parties.	0.00

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1)Parent company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Maxigen Biotech Inc. and subsidiaries
Information on investees
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss)	Investment income(loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for	recognised by the Company	
				December 31, 2021	December 31, 2020				the year ended	for the year ended	
								December 31, 2021	December 31, 2021		
Maxigen Biotech Inc.	HORAY INC.	Taiwan	Trading of cosmetics and beauty care products	\$ 5,000	\$ 5,000	500	100.00	\$ 8,496	(\$ 59)	(\$ 59)	None.
Maxigen Biotech Inc.	Maxigen Biotech International Investment Corporation Limited	Samoa	Reinvested business	72,276	72,276	2,230	100.00	(4,722)	(1,226)	(1,226)	None.

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Maxigen Biotech Inc. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dingshi Trade (Shanghai) CO., LTD.	Trading of cosmetics and beauty care products	USD 1,800	Note 1	\$ 58,193	\$ -	\$ -	\$ 58,193	(\$ 1,226)	100.00	(\$ 1,226)	(\$ 4,721)	\$ -	Note 3 Note 4
Samoa Maxigen Biotechnology International Investment Co., Ltd.	Trading of biomedical materials and health food	-	Note 1	5,818	-	-	5,818	-	-	-	-	-	Note 2
Zhejiang Maxigen Biotech Inc.	Trading of biomedical materials and health food	-	Note 1	7,893	-	-	7,893	-	-	-	-	-	Note 2

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Maxigen Biotech International Investment Corporation Limited and then invest in Mainland China.

Note 2: Samoa Maxigen Biotechnology International Investment Co., Ltd. Shanghai Representative Office and Zhejiang Maxigen Biotech Inc. had been cancelled in prior year or stopped investment and recognised loss from disposal.

Note 3: The amount recognised was based on the financial statements that were audited by R.O.C. parent company's CPA firm.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Maxigen Biotech Inc.	\$ 71,904	\$ 68,646	\$ 685,031

Note 4: The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.344, USD\$1 : NTD\$27.68. Income presents at RMB\$1 : NTD\$4.3402.

USD\$1 : NTD\$27.9983.

Note 5: The amount is the higher of limits on accumulated investment amounts or 60% of consolidated net assets was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Maxigen Biotech Inc. and subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Maximum balance during the year ended December 31, 2021	Financing			Others
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose		Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	
Dingshi Trade (Shanghai) CO., LTD.	\$ -	-	\$ -	-	\$ 11,620	0.10	\$ -	-	\$ -	\$ -	-	\$ -	

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Maxigen Biotech Inc. and subsidiaries
Major shareholders information
December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

		Shares	
Name of major shareholders	Name of shares held (unit: shares)	Ownership (%)	
TCI CO., LTD.	17,579,881	22.83%	
FORMOSA BIOMEDICAL TECHNOLOGY CORPORATION	7,534,235	9.78%	
NuVasive Inc.	4,120,000	5.35%	

Maxigen Biotech Inc.

Chairman Yung-hsiang Lin