Stock Code.: 6598

Applied BioCode Corporation

2020

Annual Report

The contents of this annual report and the Group's information can be found on the following websites
Market Observation Post System: http://newmops.twse.com.tw
The Company's website: http://www.apbiocode.com.tw

Printed on 18 May, 2021

I. The Company's spokesperson, deputy spokesperson, litigation and non-litigation agents in Taiwan.

(I) Spokesperson:

Name:	Winston Z. Ho	Position:	President
TEL:	+886-2-8791-6833	Email:	who@apbiocode.com

(II) Deputy Spokesperson:

Name:	You-Ning Chen	Position:	Vice President of Taiwan's sub-subsidiary
TEL:	+886-2-8791-6833	Email:	ychen@apbiocode.com

(III) Litigation and non-litigation agents:

Name:	Winston Z. Ho	Position:	President
TEL:	+886-2-8791-6833	Email:	who@apbiocode.com

II. Address and Telephone Number of Head Office, Branch and Plant

(1) The Group

Name: Applied BioCode Corporation
Address: Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands
Website: www.ApBioCode.com TEL: +886-2-8791-6833

(2) Subsidiary

1. Name of US subsidiary: Applied BioCode, Inc. (ABC-US)
   Address: 12130 Mora Drive, Unit 2, Santa Fe Springs, CA 90670, USA
   Website: www.ApBioCode.com TEL: +1-562- 777-9800
2. Taiwan's subsidiary: Applied BioCode Corporation (ABC-TW)
   Address: 6F, No. 1, Lane 28, Xingzhong Road, Neihu District, Taipei
   Website: www.ApBioCode.com/tw TEL: +886-2-8791-6833

III. Name, Address, Website, and Contact Number of the Stock Agency:
Name: Stock Agency Department of SinoPac Securities
Address: 3F, No. 17, Bo'ai Road, Zhongzheng District, Taipei
Website: www.sinotrade.com.tw
TEL: +886-2-2381-6288
Website: www.sinotrade.com.tw

IV. Names of CPAs and the Name, Address, Website, and Contact Number of the Accounting Firm for the Latest Financial Statements:
Names of CPAs: Andy Chang and Wendy Liang
Name of the Accounting Firm: PwC Taiwan
Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei
TEL: +886-2-2729-6666
Website: http://www.pwc.tw/

V. Name of Exchange for Trading in Overseas Listed Securities and Information Inquiry for the Securities: Not applicable

VI. The Company's website: http://www.apbiocode.com.tw

VII. List of the Board of Directors

Position	Name	Nationality or Place of Registration	Major Work Experience (Education)
Chairman	George J. Lee	Taiwan / USA	Ph.D. in Chemistry, New York State University Master, Department of Agricultural Chemistry, National Taiwan University R&D Manager, Syntex USA Inc Chairman, Epitomics
Directors	Winston Z. Ho	Taiwan / USA	Bachelor of Chemistry, National Chung Hsing University Ph.D. of Physical chemistry and Master of Biochemistry, Arizona State University, U.S. Post-doctoral researcher, Columbia University, New York, U.S. - high-speed optics Researcher, optical center of University of Arizona, U.S. - non-linear optics Maxwell Sensors Incorporation Founder / CEO Director of smart optical system and sensor Director, Biomedical Sciences, Physical Optics Corp. US-NIH Grant review committee
Directors	Richard Chang (Note)	Taiwan	Department of Economics, Soochow University President and CFO, Acer Inc. Taiwan President, iD TechVentures
Directors	Benjamin Jen	Taiwan	Master in Science and Technology Management, Massachusetts Institute of Technology Director, Strategy and Investment / Director, Marketing, Quanta Computer
Independent director	Wen-Jing Tsai	Taiwan	Bachelor in Accounting, National Taiwan University Master in Accounting, National Chengchi University Manager, Deloitte Taiwan CEO, the Tax Committee, Taipei CPA Association Deputy Chairman, the National Federation of CPA Associations of the R.O.C.
Independent director	Ben Liu	Taiwan	Institute of Finance, National Taiwan University Department of Law, National Taiwan University Lawyer, Perkins Coie Lawyer, Yongyun International Law Firm Lawyer, Lee and Li
Independent director	Jack Hsiao	Taiwan	Deputy Chief Operating Officer, Show Chwan Health Care System Co-host, Telecare, Department of Health, Executive Yuan OmniHealth Group (US/TW) CEO

Note: Director, Richard Chang resigned on August 31, 2020.

Applied BioCode Corporation

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I. Letter to Shareholders

Dear Shareholders:

First of all, I would like to express my gratitude to all directors for their support this past year. It has enabled the Group to operate smoothly and grow. While the world was suffering from the spread of the COVID-19 outbreak in 2020, our Group had a busy and successful year, with major milestones including:

1. On March 24, the Board of Directors of TWSE approved the Group's listing.

2. In late May, our average price per share in the auction was NT$90.21 with an oversubscription rate of 4.5 times and alotted rate of only 0.33%, freezing over NT$16 billion in capital market.

3. On June 5, the Group raised over NT$700 million for the IPO.

4. On June 9, the Group was successfully listed in Taiwan Stock Exchange.

5. On June 16, the Group received the US FDA's Emergency Use Authorization (EUA) for the Sars-CoV-2 testing kit. In July, the kits started being shipped to major third-party and hospital laboratories.

6. On December 8, the Group received the US FDA's EUA for the second Sars-CoV-2 Pooling testing kits. The kit can detect 2,820 patient samples per day, suitable for people with a low incidence of COVID-19 who require regular testing.

7. On December 25, the Group filed an application with the US FDA for 3rd EUA for the Sars-CoV-2 Flu Plus testing kit (COVID-19 + Flu), which may benefit the Group's operations after COVID-19 becomes a recurrent seasonal disease like influenza.

(I) 2020 operating result

In 2020, the revenue amounted to NT$299,015 thousand, an increase of NT$194,321 thousand or 186% from NT$104,694 thousand in 2019, mainly due to the increase in sales of reagent and Instruments in 2020.
In 2020, the Group's operating loss, excluding non-operating income and expenses, amounted to NT$133,514 thousand, a decrease of NT$141,559 thousand from NT$275,073 thousand in 2019, mainly due to the increase in sales and a higher gross margin.

In terms of current profit and loss, the net loss for 2020 amounted to NT$103,496 thousand, a decrease of NT$176,577 thousand or 63% from NT$280,073 thousand in 2019, mainly due to the increase in sales and a higher gross margin.

(II) Financial analysis for 2020

Among the Group's 2020 operating expenses, the major expenses were R&D expenses for products related with COVID-19 testing kits and promotion expenses, as well as the increase in professional service fees due to the listing of the Group on Taiwan Stock Exchange. As of December 31 2020, the Company's debt to assets ratio was 11.4% (NT$140,226 thousand/NT$1,227,221 thousand), long-term capital to property, plant and equipment (NT$116,210 thousand) ratio was 9.9, shareholders' equity was NT$1,086,995 thousand, loss per share was NT$(1.33). The total cash of Company was NT$847,910 thousand as of December 31,2020.

(III)2021 outlook:

1. In 2020, the Group obtained two EUAs from the US FDA for COVID-19 tests, including Sars-CoV-2 and Pooling, and formally submitted an application to the US FDA for a EUA for the 3rd COVID-19 test (Covid Flu Plus) at the end of the year, and is actively developing the fourth product, Covid flu plus Direct, which does not require DNA/RNA extraction.Pooling, Covid Flu Plus and Covid Flu Plus Direct reagents of the Group will be beneficial to operations in the post vaccination era and after the disease becomes a recurrent seasonal disease like influenza.

2. Aside from COVID-19 testing kits, the Group expects to launch a multiplex fungal panel in the second half of 2021 to expand the overall menu of molecular assays and increase the utilization rate of MDx3000 in hospital laboratories, to generate revenue from multiple panels at the same time.

3. For this year, the Group will engage the feasibility study in immunoassay products and fully automated immunoassay analyzers, in the hope that the Company will have a diversified source of revenue for molecular and immunoassays in the future.

4. Our licensed customer, IDexx, will also commercialize products using the Group's technology this July. This move will pose a continuous contribution to the revenue of Barcoded Magnetic Beads (BMB) and instrument (BC2500). Zhuhai Livzon's commercialization in 2020 will at the same time increase the revenue of BMBs significantly.

(IV) Future development strategy

The Group's core development strategy is to develop its own in-vitro diagnostics assays and external licensing of the platform technology. The launch of a number of own-branded diagnostics panels can provide hospitals with a full array of tests, further enhancing the benefits of fully automated molecular analyzers (MDx3000). Taking such an approach will not only accelerate the market adoption of MDx3000, tests selections for our existing customers will also increase. The Group continues to develop multiplex test panel kits for indications such as urinary tract infections, bacterial drug-resistance, sexually transmitted diseases (gynecology) and lower respiratory track infections. Simultaneously, we also develop fully automated instrument and panels for immune diagnosis. The licensing business of the platform technology will also be successful thanks to the gradual commercialization of a number of customers. The licensing business will further increase the sales of consumables and instruments including royalty revenue from end products. The scope of use of our high-profit core technology platforms will be maximized to create value for our shareholders.

(V) Impact from external competitive environment, regulatory environment and overall business environment

1. Impact from the external competitive environment

The seven major IVD manufacturers in the world are Roche, Abbott, Siemens, Hologic, Danaher/Cepheid, Qiagen and BioMerieux. These manufacturers have high market shares in medical diagnostic assays but lack innovative technology, especially in multivariate testing. Multivariate testing is the mainstream trend of the current market. Global manufacturers that lack this type of technology risk losing in the future's highly competitive

diagnostic market. As such, these manufacturers are catching up by acquiring companies with multiple diagnostic technologies. For example, BioMerieux acquired Biofire in 2014 and the procurement of Cepheid by Danaher in 2016 (up to 4 tests). Roche acquired GenMark and DiaSorin acquired Luminex in 2021. This illustrates the emphasis of global major pharmaceutical companies on multivariate testing. Presently, except for Luminex and BioMerieux, none of the seven major manufacturers have technology platforms and products for multivariate detection (more than 4 labels). The Company is currently a technology leader in terms of high throughput, number of detection targets and high automation. Based on the above advantages, we will prioritize the sales to large hospitals and laboratories, while also closely keeping an eye on the countermeasures of competitors and latecomers that are being divided in the market in order to quickly adjust our marketing strategies, ensuring that the development target of our businesses can be achieved.

2. Impact from the regulatory environment
   Given that the Group's in-vitro diagnostic products and most of the final products developed by our licensed customers require a review by the competent authorities (FDA in each country), the decision to enter the market is determined by the FDA. For this reason, products with FDA clearance will significantly reduce external competition. As a result, the Group will continue to develop a variety of in-vitro diagnostics assays and with the clinical and trial experience of the first and second products, the time to enter the market will be gradually shortened.

3. Impact from the overall business environment
   Given that the Group's principal place of operation is the U.S., changes in politics, economics and taxation in the U.S. affect the Group's overall operating performance. The COVID-19 outbreak has effected the overall economy, and the trade barriers created by geopolitics are all unfavorable factors for business in the short term. However, the medical industry is a steadily growing industry in the U.S. or even around the world, and the importance of testing assays for epidemic prevention further expands the market share. Through the advantages of our products, the expansion of our experienced sales and technical service teams, strategic alliances with licensed partners as well as diversified commercialization outlets, we will overcome challenges faced in the industry, creating maximum value for our shareholders.

II. Company Profile

1. Date of Incorporation and Corporate Profile

Applied BioCode Corporation (the Group or ABC-KY) is a holding company established in the Cayman Islands on 15 April, 2016. The denomination of shares issued by the Company is NT$10 per share. Applied BioCode, Inc. (ABC-US) and APPLIED BIOCODE TAIWAN LTD. (ABC-TW) are subsidiaries of the Group, which are collectively referred to as the "Group." ABC-KY's headquarters and the R&D Center are currently located in California, U.S.

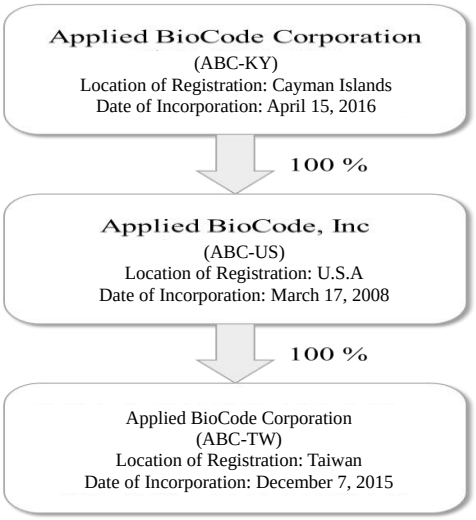
ABC-KY's core business is researching and developing multiplex diagnostic testing products as well as developing, producing and selling diagnostic testing instruments and assays, providing our partners with advanced digital biotechnology and digital multiplex diagnostic testing solutions. ABC-

KY's Barcoded Magnetic Beads (BMB) platform is able to accurately identify hundreds of thousands of analytes while obtaining dozens or even hundreds of thousands of results in one single specimen. The applications of BMB are diverse. They cover infectious disease diagnosis, genetic disease diagnosis, allergen diagnosis, autoimmunity, oncology, precision medicine, animal testing, food testing, genetic medicine, life science research, gene expression profiling, drug, and biomarker screening.

The Group develops its own molecular diagnostics panels and has received USFDA clearance for the 17-plex Gastrointestinal Pathogen Panel (GPP) and MDx 3000 (an automated molecular diagnostic system) on September 29, 2018 (Taiwan time). Since the clearance, several major laboratories have introduced instruments, and many medical testing centers have entered procurement contracts. On December 24, 2019, the Group's Respiratory Infection Panel (RPP) received USFDA clearance and began shipping in 2020. In terms of the nucleic acid test for COVID-19 developed by the Group, not only did we receive the USFDA's EUA on June 16, 2020 and began its shipping in July 2020, on December 8, 2020, we also received the USFDA's EUA for Pooling Testing. On the 25th of the same month, we filed an emergency authorization application with the USFDA for our self-developed COVID-19 plus influenza virus assay. Our goal is to launch 1 infectious disease multiplex diagnostic testing product every year by using the same automated instrument with a number of testing assays, further enhancing testing efficiency.

Our innovative technology can improve the diagnostic accuracy rate, reduce the consumption of medical resources, and help patients receive the right care as early as possible. Its advantages of accuracy, real-time and wide application, have been successfully licensed to many global companies for multi-field development. These well-known companies include: IDEXX Technologies GmbH, PerkinElmer (an NYSE-listed company), Diatherix Laboratories - a subsidiary of Eurofins Scientific Group (a Euronext N.V.-listed company), Molecular Device - a subsidiary of Danaher Group (a NYSE-listed company), Zhuhai Livzon Diagnostics - a subsidiary of Livzon Pharmaceutical Group (A shares that trade on SZSE and H shares that trade on the HKEX), Guangzhou Improve Medical Instruments (a ChiNext-listed company), Shanghai Kexin Biotech (a new OTC market-listed company), Genetic Analysis AS Norway, Imusyn Germany ALPCO. We have also licensed Guoyao Group Beijing Medical Apparatus and Instruments to sell our Biocode 2500 and BMB. Our achievements have proven that our products are well-received by our partners.

2. Corporate Structure



3. Formation History

Time	Important Matters of ABC-KY History
March 2008	ABC-US is founded in Santa Fe Springs, Southern California, USA.
July 2008	ABC-US increased its capital by US$0.70 million in cash.
October 2009	ABC-US increased its capital by US$0.850 million in cash.
May 2010	Successfully developed and commercialized 128 plex Barcoded Magnetic Beads (BMB).
November 2010	Launched the instrument Biocode 1000 and obtained CE marking.
December 2010	Received US 7,858,307 BMB patent - exclusive, irrevocable and perpetual license from Maxwell Sensors for the production and structure of barcoded beads.
January 2011	Received US 7,871,770 BMB patent - exclusive, irrevocable and perpetual license from Maxwell Sensors for the production and structure of barcoded magnetic beads (BMB).
April 2011	ABC-US increased its capital by US$1.175 million in cash.
September 2011	ABC-US increased its capital by US$0.200 million in cash.
December 2011	ABC-US increased its capital by US$0.529 million in cash.
April 2012	Received US 8,148,139 patent - exclusive, irrevocable and perpetual license from Maxwell Sensors for the production and structure of polymeric barcoded magnetic beads.
June 2012	ABC-US increased its capital by US$0.508 million in cash.
July 2012	Received US 8,232,092 BMB scanner patent - exclusive, irrevocable and perpetual license from Maxwell Sensors for the production and structure of BMB of instruments.
November 2012	ABC-US increased its capital by US$7.000 million in cash.
April 2013	Passed the quality system inspection by the Department of Health California and received a medical device manufacturing license.
July 2013	Successfully developed and commercialized 4,096 plex BMB (based on 12 barcodes)
August 2013	Passed FDA QSIT inspection as a Class II medical device manufacturer of IVD products
November 2013	Signed a non-exclusive license agreement with Genetic Analysis Norway for nucleic acid testing for intestinal ecological disorders and irritable bowel syndrome
March 2014	Attained China 102246037 BMB Patent - Polymer Materials for BMB
May 2014	Began development of IVD molecular diagnostic panels
July 2014	ABC-US increased its capital by US$9.256 million in cash
August 2014	Visit the FDA for Biocode 3000 - Pre-submission meeting on infectious colitis and obtaining the test protocol
December 2014	Signed a non-exclusive license agreement with PerkinElmer Group (NYSE-listed company) for the Asian infectious disease diagnostics market
September 2015	ABC-US increased its capital by US$5.150 million in cash
December 2015	Founded ABC-TW
January 2016	Signed a non-exclusive license agreement with Diatherix Laboratories for a

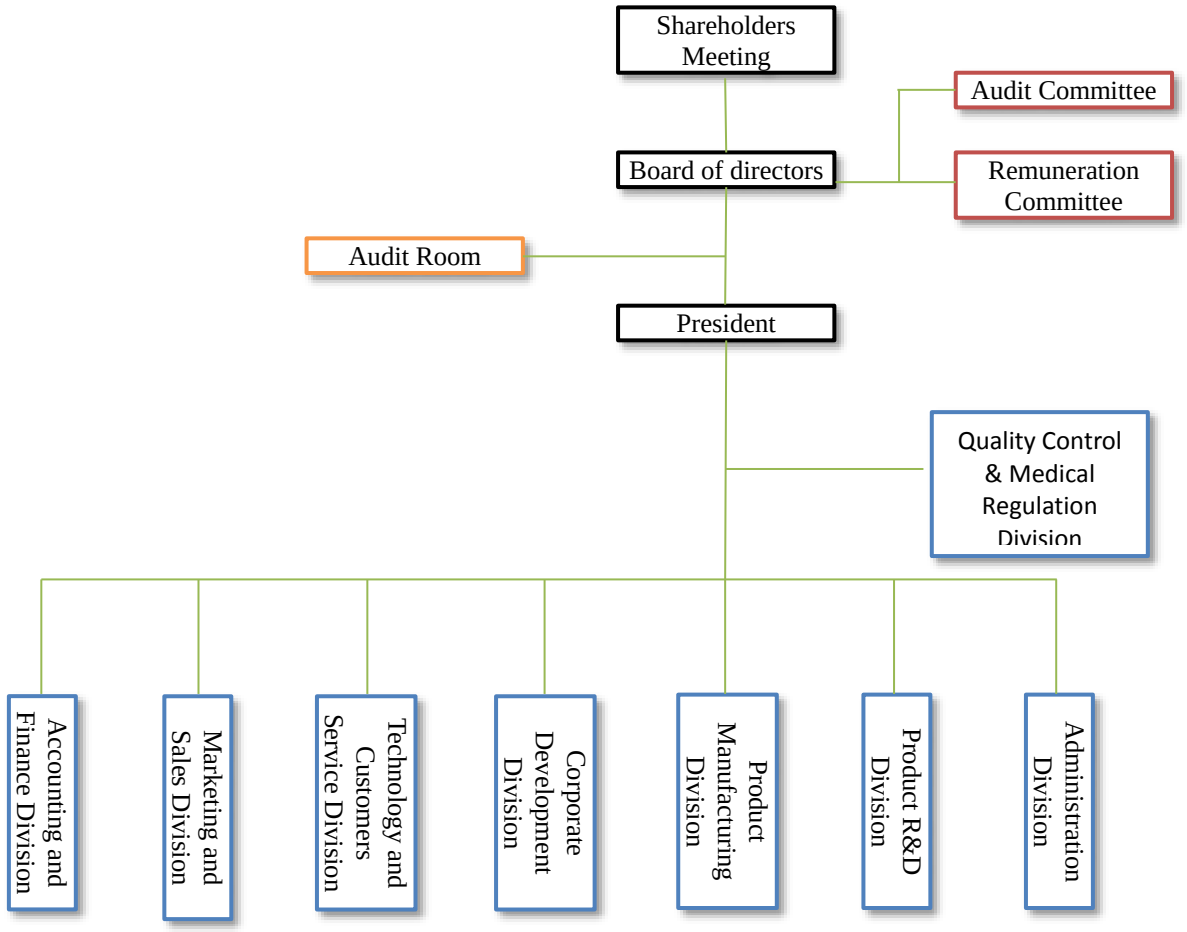
Time	Important Matters of ABC-KY History
	third-party diagnostic laboratory
April 2016	Founded ABC-KY to apply for stock listing in Taiwan
June 2016	Attained US 9,255,922 BMB patent - polymeric barcoded magnetic beads
June 2016	ABC-US increased its capital by US$6.494 million in cash
June 2016	ABC-KY became the parent company with 100% ownership of ABC-US through share swapping
September 2016	ABC-KY held a shareholders meeting and elected 9 board members, including 3 independent directors. The Audit Committee and Remuneration Committee were established.
October 2016	BioCode 2500 Analyzer successful developed and commercialized.
October 2016	ABC-US increased its capital by US$6.230 million in cash
February 2017	Registered with the Emerging Stock Board
May 2017	Clinical trials began - CLA, U. of Maryland, Tampa M. C, Le Bonheur Children Medical Center and CDC.
July 2017	Signed a non-exclusive license agreement for diagnostic panels with Zhuhai Livzon Diagnostics, Livzon Pharmaceutical Group
September 2017	All samples required for the clinical trial of the GI panel were tested.
October 2017	ABC-US signed a supply agreement with IDexx Technologies GmbH.
December 2017	ABC-KY completed a cash capital increase of NT$140 million.
January 2018	A marketing application of 17-plex GI panel was submitted to the FDA for review.
April 2018	ABC-TW relocated to a new office and set up a BMB factory.
April 2018	Maxwell Sensors transferred four patents to ABC-KY: 7,871,770, 7,858,307, 8,232,092 and 8,148,139.
October 2018	Received FDA 510(k) clearance for the 17-plex GI panel
October 2018	Received FDA 510(k) clearance for the MDx3000 (an automated molecular diagnostic system)
October 2018	ABC-KY completed a cash capital increase of NT$406,600,000.
March 2019	ABC-KY attained a letter of opinion of "Product or Technology Development is Successful and Marketable" from the Industrial Development Bureau, Ministry of Economic Affairs.
June 2019	Licensed Guoyao Group Beijing Medical Apparatus and Instruments for the sale of Biocode 2500 and BMB.
June 2019	Passed FDA 510(k) clearance for the GI Panel and MDx 3000 with MagNa Pure 96 pre-processing system.
June 2019	Attained patent EP2342561B1 from EUIPO.
September 2019	Submitted a marketing application to the FDA for the Respiratory Infection Panel (RPP) with MDx 3000 (an automated molecular diagnostic system).
September 2019	ABC-KY completed a cash capital increase of NT$342 million.
December 2019	ABC-KY completed a cash capital increase of NT$48.64 million.
December 2019	Submitted a marketing application to the FDA for the Respiratory Infection Panel (RPP) with an automated molecular diagnostic system (MDx 3000).
December 2019	Signed a non-exclusive license with Paitaike Co. Ltd. for the development of

Time	Important Matters of ABC-KY History
	cytohormone assays in China.
January 2020	Signed a supply agreement with Tricore for gastrointestinal pathogen diagnostic panels.
March 2020	The listing of ABC-KY was approved by the board of directors of TWSE.
June 2020	ABC-KY was successfully listed.
June 2020	Received the EUA for the Group's self-developed molecular assays for COVID-19 from the USFDA.
July 2020	Molecular assays for COVID-19 began shipment.
August 2020	Benefitting from the shipment of COVID-19 molecular assays, the Group recorded its first single-month operating profit.
August 2020	Filed an application for EUA with the USFDA for COVID-19 molecular assays by Pooling Testing.
September 2020	Considering the high incidence of respiratory disease to occur in the fall and winter, the Group has applied for an EUA prequlification with the USFDA for the COVID-19 plus influenza virus assay.
December 2020	Received the EUA from the USFDA for COVID-19 molecular assays by Pooling Testing.
December 2020	Officially filed for the EUA with the USFDA for COVID-19 plus influenza virus assay.

4. Risk Disclosure: Please refer to Chapter Seven: 6. Risk Management and Assessment in this Annual Report on pages 135-139.

III. Corporate Governance Report

1. Organization Chart



Department Name	Duty
Board of Directors	Plans business operations and policies, sets operational targets, appoints primary managerial officers, and carries out business development for the Company based on the Company's Memorandum of Association.
Audit Committee	Oversees the Company’s business and financial condition, the appropriateness of the Company's financial statements and the effective implementation of internal controls.
Remuneration Committee	Establishes and reviews on a regular basis the performance evaluation of directors and managerial officers and the remuneration policy, system, standard and structure. Assesses and sets the content and amount of remuneration for directors and managerial officers on a regular basis and proposes such results to the Board of Directors.
Audit Room	Evaluates the effectiveness of internal controls; plans and carries out internal audits.
President	1. Submits business conditions and development plans to the board of directors and the annual general meeting (AGM) and performing matters resolved by the board of directors. 2. Integrates and enforces business targets and future development plans. 3. Plans and achieves the Group's important business policies and operational plans.
Quality Control and Medical Regulation Division	Carries out quality control and audit; reviews and signs for testing paperwork and trial SOPs; and analyzes statistics of clinical trials.
Administration Division	HR management; administrative operations; information management; general administration; legal compliance; stock affairs; listing-related business.
Product R&D Division	Designs development process; researches and develops R&D analyzers; designs and develops pathogen panels; executes product testing for R&D projects; clinical trial programs.
Product Manufacturing Division	Produces BMB, pathogen panels and instruments; supervises of outsourced product production; product trial production process.
Corporate Development Division	Compiles industry market information; executes product and technology licensing agreements; monitors the market information of competitors; establishes product specifications and introduces product market development directions.
Technology and Customers Service Division	Technical service; customer service.
Marketing and Sales Division	Establishes sales plans and budgets; product promotion and sales.
Accounting and Finance Division	Financial planning; accounting & bookkeeping; product project benefit analysis.

2. Profiles of Board of Directors, Supervisors, President, Vice President, Directors, Department and Branch Heads

(1) Directors and Supervisors

1. Information on Directors

April 9, 2021

Position	Nationality or Place of Registration	Name	Gender	Date elected	Term of Office (year)	Date First Elected	Shareholding when Elected		Current shareholding		Current Shareholding of Spouse & Minor Children		Shares Held by Proxy		Major Work Experience (Education)	Current Concurrent Positions in the Group and Other Companies	Other Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
Chairman	Taiwan / USA	George J. Lee	Male	2019.5.27	3	2016.6.30	-	-	-	-	-	-	3,571,060	4.37	Ph.D. in Chemistry, New York State University Master, Department of Agricultural Chemistry, National Taiwan University R&D Manager, Syntex USA Inc Chairman, Epitomics, Inc.	Chairman, ABC-US Chairman, ABC-TW Chairman, Genepharm, Inc Chairman, SunWay Biotech Co., Ltd. Director,Foresee Pharmaceuticals Co., Ltd. Chairman, Genepharm, Inc. Chairman, RevMAb, Inc. Director, BioKey Inc. Chairman,RevMAb Biosciences Taiwan, Inc.	-	-	-	None
Directors	Taiwan / USA	Winston Z. Ho	Male	2019.5.27	3	2016.4.15	-	-	103,750	0.13	4,948,316	6.06	4,905,900	6.00	Bachelor of Chemistry, National Chung Hsing University Ph.D. of Physical chemistry and Master of Biochemistry, Arizona State University, U.S. Post-doctoral researcher, Columbia University, New York, U.S. - high-speed optics Maxwell Sensors Incorporation Founder / CEO Director of smart optical system and sensor Director, Biomedical Sciences, Physical Optics Corp. US-NIH Grant review committee Research Scientist - Nonlinear Photonics, University of Arizona College of Optical Sciences	President, ABC-KY Director, President and Founder / Chief Technology Officer, ABC-US Director, Maxwell Sensors Managerial Officer, Oceania, LLC	Assistant Manager, Administrative Office	Ruei-E Tang	Spouse	None
Directors	Taiwan	Richard Chang (Note)	Male	2019.5.27	3	2016.6.30	-	-	-	-	-	-	-	-	Department of Economics, Soochow University President and CFO, Acer Inc. Taiwan President, iD TechVentures Inc.	Chairman, Jih-Yuan Venture & Investment Inc. Director, Eland Information Co., Ltd. Director, Spirit Scientific Co. LTD. Taiwan Branch (Cayman) Director, Kiwi Technology Inc. Director, Applied Biocode, Inc. Director, Asia Pacific Investment Corporation (B.V.I)	-	-	-	None
Directors	Taiwan	Benjamin Jen	Male	2019.5.27	3	2016.9.29	-	-	-	-	-	-	-	-	Master in Science and Technology Management, Massachusetts Institute of Technology Director, Strategy and	Director, Centrillion Technologies Taiwan Director, Applied Biocode, Inc. Director, ABC-TW	-	-	-	None

Position	Nationality or Place of Registration	Name	Gender	Date elected	Term of Office (year)	Date First Elected	Shareholding when Elected		Current shareholding		Current Shareholding of Spouse & Minor Children		Shares Held by Proxy		Major Work Experience (Education)	Current Concurrent Positions in the Group and Other Companies	Other Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
															Investment / Director, Marketing, Quanta Computer					
Independent director	Taiwan	Wen-Jing Tsai	Male	2019.5.27	3	2016.9.29	-	-	-	-	-	-	-	-	Bachelor in Accounting, National Taiwan University Master in Accounting, National Chengchi University Manager, Deloitte Taiwan CEO, the Tax Committee, Taipei CPA Association Deputy Chairman, the National Federation of CPA Associations of the R.O.C.	Director, Gaowei Accounting Firm Independent Director, Danen Technology Corporation Director, Topview Optronics Corporation	-	-	-	None
Independent director	Taiwan	Ben Liu	Male	2019.5.27	3	2016.9.29	-	-	-	-	-	-	-	-	Institute of Finance, National Taiwan University Department of Law, National Taiwan University Lawyer, Perkins Coie Lawyer, Yongyun International Law Firm Lawyer, Lee and Li	Lawyer, InfoShare Tech Law Office Director, Aowei Medical Technology Inc. Independent director, Aulisa Medical Devices Technologies Inc. Supervisor, iCare Diagnostics International Co. Ltd.	-	-	-	None
Independent director	Taiwan	Jack Hsiao	Male	2019.5.27	3	2018.1.3	-	-	-	-	-	-	-	-	PhD, Boston University School of Medicine Deputy Chief Operating Officer, Show Chwan Health Care System Co-host, Telecare, Department of Health, Executive Yuan OmniHealth Group (US/TW) CEO	Chief Operating Officer, Hsiao Chung-cheng Hospital Director, TriHealth Enterprise, Inc. Director, ThinkCloud Technology. Inc. Director, FU-DE Biomedical Technology Inc. Chairman, JU-SHENG Biomedical Technology Inc. Supervisor, Ai Wan Lin Biotechnology Co., Ltd. Director, SinoCell Technologies Inc. Chairman, En-Qi Co., Ltd. Chairman, Ding-Qun Intellectual Property Integration Co., Ltd.	-	-	-	None

Note: Director, Richard Chang resigned on August 31, 2020.

2. Supervisors: The Group has an Audit Committee; therefore, there are no supervisors.
3. Major shareholders of corporate shareholders: None.
4. Major shareholders of corporate shareholders are juristic persons' major shareholders: None.

5. Directors or Supervisors' professional qualifications and their independence:

Qualification / Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years of Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Remarks
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Required working experience in commerce, law, finance, accounting or other fields required by the business of the Company	1	2	3	4	5	6	7	8	9	10		
George J. Lee			✓	✓					✓	✓	✓	✓	✓		
Winston Z. Ho			✓						✓	✓	✓	✓	✓		
Richard Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		Resigned on August 31, 2020
Benjamin Jen			✓	✓		✓	✓		✓	✓	✓	✓			
Wen-Jing Tsai		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Ben Liu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Jack Hsiao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Note: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

(1) Not an employee of the Company or any of its affiliated enterprises.

(2) Not a director or supervisor of an affiliated enterprise of the Company. (However, this restriction does not apply in cases where the person is an independent director of the Company, its parent or subsidiary, or a subsidiary of the same parent established pursuant to this law or local laws).

(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.

(4) Not a spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of any persons in the preceding three paragraphs.

(5) Not a Director, Supervisor or employee of a juristic-person shareholder holding 5% or more than 5% of the total outstanding shares issued by the Company, or a Director, Supervisor or employee of a juristic-person shareholder who is among the top 5 shareholders.

(6) Not a Director, Supervisor, Managerial Officer of a specified company or institution with a financial or operational relationship with the Company or a shareholder holding 5% or more than 5% of the company's total outstanding shares.

(7) Not a professional individual, owner, partner, director, supervisor, manager of a proprietorship, partnership, company or institution that provides commercial, law, financial and accounting services to the Company or its affiliated enterprises, or a spouse to the aforementioned persons. Except for members of the Remuneration Committee exercising their duties in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

(8) Not having a marital relationship, or not a relative within the second degree of kinship to any other director of the Company.

(9) Not being a person of any conditions defined in Article 30 of the Company Act.

(10) Not a governmental, juristic-person or its representative as defined in Article 27 of the Company Act.

(2) Profile of Presidents, Vice Presidents, Assistant Managers, and Heads of Departments and Branches:

April 9, 2021

Position	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Shareholding of Spouse & Minor Children		Shares Held by Proxy (Note)		Major Work Experience (Education)	Current Concurrent Positions in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managerial Officers			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
President and Founder/ Chief Technology Officer	Taiwan / USA	Winston Z. Ho (Note 1)	Male	2008.03	103,750	0.13	4,948,316	6.06	4,905,900	6.00	Bachelor of Chemistry, National Chung Hsing University Ph.D. of Physical chemistry and Master of Biochemistry, Arizona State University, U.S. Post-doctoral researcher, Columbia University, New York, U.S. - high-speed optics Maxwell Sensors Founder / CEO Director of smart optical system and sensor Director, Biomedical Sciences, Physical Optics Corp. - US-NIH Grant Review Committee Researcher, optical center of University of Arizona, U.S. - non-linear optics	Director & Presidents, ABC-US Director, ABC-TW Director,Maxwell Sensors Managerial Officer, Oceania, LLC	Assistant Manager, Administrative Office	Ruei-E Tang	Spouse	None
Product R&D Division Vice-Chairman	United States	Michael Aye	Male	2013.02	225,000	0.28	-	-	-	-	Ph.D. in Microbiology, University of California, Irvine Director of Molecular Analysis, Focus Diagnostics	-	-	-	-	None
Product Manufacturing Division Vice-Chairman	United States	Donald Wong	Male	2010.12	78,580	0.10	-	-	-	-	Bachelor in Biology, University of California, Los Angeles Biological Director, Manufacturing/QC, ProteoGenix, Inc. QC/Calibration, BioCentrex, LLC Corporate Director, CareSide Manager, R&D Department, SmithKline Beecham Clinical Labs	-	-	-	-	None
Quality Control and Medical Regulation Division Associate manager	United States	Steve Partono (Note 2)	Male	2016.05	-	-	-	-	-	-	Ph.D. in Biochemistry, Indiana University IVD Product Quality Assurance / Monitoring Services, Teco Diagnostics Scripps Research Institute / University of Florida Research	-	-	-	-	None
Quality Control and Medical Regulation Division Associate manager	United States	Tara Viviani (Note 3)	Female	2020.08	-	-					Bachelor in Biology, University of California, Irvine Quality Assurance / Monitoring Services, Beckman Coulter IVD Product Quality Assurance / Monitoring Services, Focus Diagnostics (Quest)					None
Technology & Customer Service Division Associate manager	United States	Michael Ho	Male	2015.07	159,791	0.20	-	-	-	-	Ph.D., University of California, Davis Technical Services, Quest Diagnostics EraGen Biosciences (Luminex) Field Application / Training Manager, Technical Support Manager, Customer Support Manager Team Leader and Senior Scientist, Cepheid Project Leader, Thermo Fisher	-	-	-	-	None
Product R&D Division Associate manager	United States	Gerald Kowalski	Male	2014.07	11,500	0.01	-	-	-	-	Bachelor in Technology in Electronic Instrumentation Engineering, Michigan Technological University Software team leader, BECKMAN COULTER INC. Senior Software Engineer, BAXTER International Inc.	-	-	-	-	None

Position	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Shareholding of Spouse & Minor Children		Shares Held by Proxy (Note)		Major Work Experience (Education)	Current Concurrent Positions in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managerial Officers			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
Product R&D Division Associate manager	Canada	Gao Chen	Male	2014.10	143,000	0.18	-	-	-	-	Ph.D. in Molecular Biology and Immunology, Gembloux Agro-Bio Tech, Belgium Researcher, University of California, Los Angeles Senior Researcher, R&D Department, Maxwell Sensors Incorporation	-	-	-	-	None
Administration Division Associate manager	Taiwan / USA	Ruei-E Tang	Female	2008.03	42,416	0.05	5,009,650	6.13	4,905,900	6.00	Bachelor in English, Chung Hsing University Master, Virginia Polytechnic Institute and State University Joint founder of Maxwell Sensors Incorporation	Director, Maxwell Sensors Managerial Officer, Oceania, LLC	President	Winston Z. Ho	Spouse	None
CFO	Taiwan	Liang-Kai Huang	Male	2018.02	10,000	0.01	-	-	-	-	Bachelor in Accounting, Soochow University CFO, BTL Corporate CFO, Landseed International Medical Group Vice President, Tianjin TEDA Biomedical Engineering Company Limited	-	-	-	-	None
Marketing and Sales Division Associate manager	United States	Debra Linguist	Female	2017.06	2,002	0.00	-	-	-	-	Bachelor in Medical Technology, Michigan State University Director of Sales, DiaSorn Molecular / Focus Diagnostics South Central Region, USA Director of Sales, Focus Diagnostics Ireland, Europe	-	-	-	-	None
Administration Division Associate manager	United States	Ingrid Joseph (Note 3)	Female	2020.08	9,500	0.01	-	-	-	-	Bachelor, Management at Cerritos College Procurement Supervisor of Maxwell Sensors Incorporation	-	-	-	-	None
Administration Division Associate manager	United States	Frank Mitchell (Note 3)	Male	2020.08	-	-	-	-	-	-	Master, Pepperdine University HR Manager of Gary's HR Manager of Adir International	-	-	-	-	None
Taiwan sub-subsidiary Vice President	Taiwan	You-Ning Chen	Male	2016.05	6,500	0.01	-	-	-	-	Bachelor in Electrical Engineering, George Washington University Business Engineer, Opto-Sensor Ltd. Deputy General Manager, Opto-Sensor Ltd.	-	-	-	-	None
Public listing affairs Associate manager	Taiwan	Jia-Chi Jang (Note 2)	Male	2017.12	-	-	-	-	-	-	Bachelor in International Trade, Tamkang University Master in International Business, Tamkang University Senior Manager, Capital Securities Corporation.	-	-	-	-	None
Accounting Supervisor	Taiwan	Rou-Tung Pan	Female	2019.08	5,000	0.00	-	-	-	-	Bachelor in Accounting, National Chengchi University Assistant Manager, Merck KGaA Assistant Manager, Deloitte Taiwan Assistant Manager, PwC Taiwan	-	-	-	-	None
Audit Supervisor	Taiwan	Tzung-Han You	Male	2019.09	-	-	-	-	-	-	Bachelor in of Accounting, National Taiwan University Assistant Manager, Merck KGaA Assistant Manager, Deloitte Taiwan	-	-	-	-	None

Note 1: Director and President Winston Z. Ho and his spouse Ruei-E Tang jointly set up the ZAAD Living Trust. They are both the trustees of this trust. The ZAAD Living Trust has total ownership of Maxwell Sensors and Oceanina, LLC. Maxwell Sensors holds 8,307,042 shares of ABC-KY, or 10.17%, and Oceania, LLC holds 1,504,758 shares of ABC-KY, or 1.84%.

Note 2: Managerial Officer, Steve Partono resigned on November 14, 2020. Associate manager, Jia-Chi Jang resigned on April 6, 2021.

Note 3: Associate manager Tara Viviani, Ingrid Joseph and Frank Mitchell assumed on August 2020.

3. Remuneration of Board of Directors, Supervisors, President and Vice Presidents for the last fiscal year

(1) Remuneration of general directors and independent directors for the most recent fiscal year (2020)

December 31, 2020; unit: NT$ thousand

Position	Name	Remuneration to Directors								Ratio of total remuneration A+B+C+D to net income after tax		Relevant remuneration received by Directors who are also employees								Ratio of total remuneration A+B+C+D+E+F+G to net income after tax		Remuneration paid to Directors from an invested company other than the Company's subsidiary or from the parent company
		Remuneration (A)		Severance Payment and Pension (B)		Remuneration to directors (C)		Fees for Performance of Work (D)				Salary, Bonuses, and Allowances (E)		Severance Payment and Pension (F)		Remuneration to Employees (G)						
																The Group		Companies Included in the Financial Statements				
		The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Group	Companies Included in the Financial Statements	
Directors	George J. Lee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors	Winston Z. Ho	-	-	-	-	-	-	-	-	-	-	-	4,694	-	141	-	-	-	-	-	(4.67)%	-
Directors	Richard Chang (Note)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors	Benjamin Jen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent director	Wen-Jing Tsai	360	360	-	-	-	-	-	-	(0.35)%	(0.35)%	-	-	-	-	-	-	-	-	(0.35)%	(0.35)%	-
Independent director	Ben Liu	360	360	-	-	-	-	-	-	(0.35)%	(0.35)%	-	-	-	-	-	-	-	-	(0.35)%	(0.35)%	-
Independent director	Jack Hsiao	360	360	-	-	-	-	-	-	(0.35)%	(0.35)%	-	-	-	-	-	-	-	-	(0.35)%	(0.35)%	-

(1) Please explain the policy, system, standards and structure by which independent director remuneration is paid, and the association between the amount paid and independent directors' responsibilities, risks and time committed: The Group's remuneration to directors is determined concerning the practice of public companies in Taiwan and the participation of the independent directors in the Audit Committee, Remuneration Committee and the Board meeting. After the directors of this Board have been elected, it was discussed and approved by general directors at the Board meeting that remuneration shall be paid after NT$30,000 each month.

(2) Remuneration received by directors for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) for the most recent fiscal year, except those disclosed in the above table: None.

Note: Director, Richard Chang resigned on 31 August, 2020.

Breakdown of Remuneration

Remuneration to individual directors in respective brackets along the remuneration scale	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements
Below NT$1,000,000	Wen-Jing Tsai, Ben Liu, Jack Hsiao	Wen-Jing Tsai, Ben Liu, Jack Hsiao	Wen-Jing Tsai, Ben Liu, Jack Hsiao	Wen-Jing Tsai, Ben Liu, Jack Hsiao
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	-	-	Winston Z. Ho
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)	-	-	-	-
Above NT$100,000,000	-	-	-	-
Total	3 persons	3 persons	3 persons	4 persons

(2) Remuneration to supervisors: The Group has an Audit Committee; therefore, there are no supervisors.
(3) Remuneration to the president and vice president for the most recent fiscal year (2020)

December 31, 2020; unit: NT$ thousand

Position	Name	Salary (A)		Severance Payment and Pension (B)		Bonuses and special allowances, etc. (C)		Remuneration to employees (D)				Total of A, B, C and D as a percentage (%) of net income after tax		Remuneration paid to Directors from an invested company other than the Company's subsidiary or from the parent company
		The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group		Companies Included in the Financial Statements		The Group	Companies Included in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Winston Z. Ho	-	4,694	-	141	-	-	-	-	-	-	-	(4.67)	-
Vice President	Michael Aye	-	5,414	-	297	-	5,008	-	-	-	-	-	(10.36)	-
Vice President	Donald Wong	-	4,689	-	150	-	701	-	-	-	-	-	(5.35)	-
CFO	Liang-Kai Huang	-	2,800	-	108	-	3,259	-	-	-	-	-	(5.96)	-
Vice President	You-Ning Chen	-	1,550	-	95	-	1,286	-	-	-	-	-	(2.83)	-

Breakdown of Remuneration

Remuneration to presidents and vice presidents in respective brackets along the remuneration scale	President and vice president name	
	The Group	Companies Included in the Financial Statements
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	-	You-Ning Chen
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	Winston Z. Ho
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	Donald Wong, Liang-Kai Huang
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	Michael Aye
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)	-	-
Above NT$100,000,000	-	-
Total	-	5 persons

(4) Top 5 managers with the highest remuneration:

Position	Name	Salary (A)		Severance Payment and Pension (B)		Bonuses and special allowances, etc. (C)		Remuneration to employees (D)				Total of A, B, C and D as a percentage (%) of net income after tax		Remuneration paid to Directors from an invested company other than the Company's subsidiary or from the parent company
		The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group	Companies Included in the Financial Statements	The Group		Companies Included in the Financial Statements		The Group	Companies Included in the Financial Statements	
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount			
Vice President	Michael Aye	-	5,414	-	297	-	5,008	-	-	-	-	-	(10.36)	-
Associate manager	Debra Anderson-Linguist	-	4,777	-	172	-	2,135	-	-	-	-	-	(6.84)	-
Vice President	Liang-Kai Huang	-	2,800	-	108	-	3,259	-	-	-	-	-	(5.96)	-
Associate manager	Gerald Kowalski	-	4,990	-	156	-	622	-	-	-	-	-	(5.57)	-
Vice President	Donald Wong	-	4,689	-	150	-	701	-	-	-	-	-	(5.35)	-

Breakdown of Remuneration

Remuneration to presidents and vice presidents in respective brackets along the remuneration scale	President and vice president name	
	The Group	Companies Included in the Financial Statements
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	Donald Wong, Debra Anderson-Linguist, Liang-Kai Huang, Gerald Kowalski
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	Michael Aye
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)	-	-
Above NT$100,000,000	-	-
Total	-	5 persons

(5) Names of managerial officers who received employee remuneration for the most recent fiscal year (2020): None.

(6) Compare and analyze the total remuneration as a percentage of net income after tax stated in the parent company only financial reports or individual financial reports, paid by this group and by all consolidated entities (including this company) for the most recent 2 fiscal years to each of this group's directors, supervisors, presidents, and vice presidents, and describe the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure.

1. The total remuneration as a percentage of net income after tax paid by this group and by all consolidated entities (including this group) for the most recent 2 fiscal years to each of this group's directors, presidents, and vice presidents

Unit: NT$ thousand

Year / Item	2019		2020	
	The Group	As a percentage of net income after tax	The Group	As a percentage of net income after tax
Directors, presidents and vice presidents	21,936	(7.83)%	31,272	(30.22)%

Remuneration policy, standards and composition, procedures and the correlation with operational performance and future risks:

(1) Principle of payment of remuneration to directors

The remuneration to directors includes travel expenses, business execution expenses and earnings distribution. The remuneration to the directors of the consolidated company is determined according to the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remuneration based on the directors' participation in the consolidated company's operations, the value of their contributions and the industry standard.

(2) President and Vice President

The remuneration to the president and vice president includes salary and employee bonus. The salary level is determined based on the Company's contribution and the reference to the industry standard.

(3) Operating performance and the relevance of future risks

The Group has established the Remuneration Committee that is made up of all independent directors. These independent directors review and evaluate on a regular basis the performance of directors and managerial officers as well as the remuneration policy, system, standard and structure.

4. Implementation of Corporate Governance

(I) Functionality of the Board of Directors

The Group's second Board held 3 meetings till May 27 in 2019 before the election of directors at Annual General Meeting; the 3rd Board has held 13 Board meetings since May 27 where 7 directors were elected at Annual General Meeting. Therefore, a total of 16 Board meetings were held in the most recent 2 fiscal years and as of the publication date of the annual report. The attendance of directors is as follows:

Position	Name	Attendance in Person	Proxy Attendance	Attendance in Person (%)	Remarks
Chairman	George J. Lee	16	0	100%	
Directors	Winston Z. Ho	16	0	100%	
Directors	Richard Chang	7	5	58%	Resigned on August 31, 2020; he should have attended 12 meetings in 2020.
Directors	Benjamin Jen	16	0	100%	
Independent director	Wen-Jing Tsai	16	0	100%	
Independent director	Ben Liu	16	0	100%	
Independent director	Jack Hsiao	16	0	100%	

Supplementary Information:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the content of motions, independent directors' opinions and how the company has responded to such opinions:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:

Meeting Date and Session	Content of motions	Independent directors' opinions and how the Company has responded to such opinions:
2019/03/08 2nd Board 21st Session	1. Motion of 2018 business report and 2018 consolidated financial statements 2. Motion of 2018 loss appropriation 3. Internal Control System Statement 4. The independence and appropriateness of CPAs 5. Motion of election of all directors and independent directors 6. Motion of lifting the Group’s competition restriction for newly appointed directors (including independent directors) 7. Amendments to the Group's Articles of Incorporation and Memorandum 8. Motion of amendments to the Group's “Rules of Procedure for Board Meetings” and “Rules of Procedure for Shareholders Meetings” 9. Motion of amendments to the Group’s “Operational	Passed by all independent directors.

		Procedures for Acquisition and Disposal of Assets" 10. Adding and amending the Group's internal corporate governance measures 11. Motion of setting a date, location, shareholder proposal and nomination procedures, and agenda for the 2019 Annual General Meeting 12. Motion of appointment for directors for Taiwan's sub-subsidiary	
	2019/04/11 2nd Board 22nd Session	1. Motion of amendments to the internal control system 2. Motion of cash capital increase 3. Amendments to the Group's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees" 4. Motion of the Group's capital reduction for the cancellation of employees restricted new shares 5. Motion of the relocation plan of the U.S. subsidiary 6. Motion of 2017 distribution of employee stock warrants	Passed by all independent directors.
	2019/05/17 2nd Board 23rd Session	1. Motion of bank credit line establishment 2. Motion of participation in the capital increase of the U.S. subsidiary	Passed by all independent directors.
	2019/06/11 3rd Board 1st Session	1. Election of chairman 2. Motion of the convener appointment by the Audit Committee 3. Proposed to appoint members of the Group's Remuneration Committee	Except for the independent directors who had to recuse themselves in the motion of the Remuneration Committee members, all motions were passed by all independent directors.
	2019/08/12 3rd Board 2nd Session	1. Motion of the Q2 2019 consolidated financial statements 2. Motion of amendments to the plan of a sound business 3. Motion of amendments to the contract of the appointment for independent directors 4. Motion of duty changes for the Accounting Supervisor 5. 2019 sales incentive plan for Sales Division 6. Motion of share subscription for the 2019 cash capital increase for managerial officers	Except for the independent directors who had to recuse themselves in the motion of amendments to the contract of the appointment for independent directors, all motions were passed by all independent directors.
	2019/09/19 3rd Board 3rd Session	1. Motion of Audit Supervisor appointment and remuneration plans 2. Adding and amending internal control system and applicable measures	Passed by all independent directors.
	2019/10/17	1. 2019 second cash capital increase	Passed by all

	3rd Board 4th Session	2. Motion of the U.S. subsidiary's capital increase 3. Motion of appointment for directors for Taiwan's sub-subsidiary 4. Motion of capital increase for Taiwan's sub-subsidiary	independent directors.
	2019/12/17 3rd Board 5th Session	1. Motion of 2020 budget 2. Motion of amendments to the plan of a sound business 3. 2020 audit plan 4. The Group intended to apply to Taiwan Stock Exchange (TWSE) for a TWSE primary listing of its stock. 5. Approved the financial estimations for Q4 2019 and Q1 2020 6. Q3 2019 financial report 7. Internal Control System Statement 8. Stock offering plan for a cash increase before listing 9. Motion of entering into an agreement for an overallotment and coordinating with certain shareholders not to sell shares for a period of time from the listing date 10. Ethical Corporate Management Best Practice Principles 11. Motion of the implementation of remuneration packages for directors and managerial officers for 2020 12. 2020 sales incentive plan for Sales Division	Passed by all independent directors.
	2020/03/12 3rd Board 6th Session	1. Motion of 2019 business report and 2019 consolidated financial statements 2. Motion of 2019 loss appropriation 3. Motion of 2017 consolidated financial report (compiled with reference to the 2016 pro forma financial statements) 4. Internal Control System Statement 5. The independence and appropriateness of CPAs 6. Motion of the appointment of CPAs 7. Amendments to the Group's Articles of Incorporation 8. Motion of the Group's capital reduction for the cancellation of employees restricted new shares 9. Motion of setting a date, location, shareholder proposal procedures and agenda for the 2020 Annual General Meeting 10. Motion of the plan for 2020 employee stock warrants	Passed by all independent directors.
	2020/05/11 3rd Board 7th Session	1. Motion of the Q1 2020 consolidated financial statements Motion for common share subscription for managerial officers through cash capital increase prior to initial listing	Passed by all independent directors.
	2020/07/10 3rd Board 8th Session	1. Motion for amendments to the plan for 2020 employee stock warrants 2. Motion of amendments to the plan of a sound business 3. Motion for 2020 distribution of employee stock warrants (1st distribution) 4. Incentive program for managerial officers 5. Motion of capital increase for Taiwan's sub-subsidiary	Passed by all independent directors.
	2020/08/11 3rd Board	1. Motion of the Q2 2020 consolidated financial statements	Passed by all independent

9th Session	2. Motion for amendments to the plan for 2020 employee stock warrants 3. Motion of the U.S. subsidiary's capital increase 4. Motion for the appointment of an associate manager for medical compliance and clinical affairs and their salary and remuneration plan 5. Motion for the appointment of an associate manager for raw material and salary management and their salary and remuneration plan 6. Motion for the appointment of an associate manager for employee services (human resources) and their salary and remuneration plan 7. Remuneration and bonus plan for managerial officers 8. Motion for 2020 distribution of employee stock warrants (2nd distribution) 9. Sales incentive plan for Sales Division for the second half of 2020	directors.
2020/11/11 3rd Board 10th Session	1. Motion of the Q3 2020 consolidated financial statements 2. Motion for 2020 amendments to the utilization of raised IPO funds 3. Motion of amendments to the plan of a sound business 4. Motion of cash capital increase 5. Motion for changing of seal	Passed by all independent directors.
2020/12/24 3rd Board 11th Session	1. Motion of 2021 budget 2. 2021 audit plan 3. Motion of the implementation of remuneration packages for managerial officers for 2021 4. Sales incentive plan for Sales Division for the first half of 2021 2. Motion for 2020 distribution of employee stock warrants (3rd distribution)	Passed by all independent directors.
2021/01/06 3rd Board 12th Session	1. Motion for the withdrawal of the Group's second cash capital increase application for 2020	Passed by all independent directors.
2021/03/17 3rd Board 13th Session	1. Motion of 2020 business report and 2020 consolidated financial statements 2. Motion of 2020 loss appropriation 3. Internal Control System Statement 4. The independence and appropriateness of CPAs 5. Motion of the appointment of CPAs 6. Motion of amendments to the plan of a sound business 7. Motion of amendments to the Group's "Operational Procedures for Acquisition and Disposal of Assets" 8. Motion of setting a date, location, shareholder proposal procedures and agenda for the 2021 Annual General Meeting 9. Motion for 2020 distribution of employee stock warrants (4th distribution)	Passed by all independent directors.

(2) Any other documented objections or qualified opinions raised by independent directors against board resolutions in relation to matters other than those described above:

None.

2. In the case of recusal of a director in a motion related to his/her own interests, please specify the director's names, the content of motions, the reasons for the recusal and the voting results: None.

3. TWSE/TPEx Listed Companies should disclose information on the evaluation content of the board's self (or peer) evaluation:

Evaluation Cycle	Once a year
Evaluation Period	January 1, 2020 – December 31, 2020
Evaluation Scope	Board of directors, individual directors and functional committees
Evaluation method	Internal self-evaluation by the board of directors and self-evaluation by the board members
Evaluation content	1. Performance evaluation of the board of directors: Participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, and internal control. 2. Performance evaluation of the board members: Alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationships and communication, the director's professionalism and continuing education, and internal control. 3. Performance evaluation of the functional committees: Participation in the operation of the Company, awareness of the duties of the functional committee, quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.
Evaluation outcome	1. Performance evaluation of the board of directors Excellent. 2. Performance evaluation of the board members: Excellent. 3. Performance evaluation of the functional committees: Excellent.

4. Measures the objectives to strengthen the board's functionality (e.g. establish Audit Committee, enhance information transparency) and execution status in the current and the most recent fiscal year: The Group has formulated the "Rules of Procedure for Board Meetings" as guidelines for the operation of Board meetings. The Group has 3 independent directors and has established the Audit Committee and Remuneration Committee. In the future, the Group will disclose related information on its website and on the MOPS to improve the transparency of information required by the law.

(II) The operation of the Audit Committee

The Group's first Audit Committee held 3 meetings up till 27 May in 2019 before the election of directors at Annual General Meeting; the second Audit Committee has held 12 Annual General Meetings since May 27, 2019. Therefore, a total of 15 Board meetings were held in the most recent 2 fiscal years and as of the publication date of the annual report. The attendance of independent directors is as follows:

Position	Name	Actual Attendance	Proxy Attendance	Actual Attendance Ratio (%)	Remarks
Independent director	Wen-Jing Tsai	15	0	100%	
Independent director	Ben Liu	15	0	100%	
Independent director	Jack Hsiao	15	0	100%	

Supplementary Information:

1. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Board of Directors meeting held, the content of motions, the Audit Committee's resolution, and how the company has responded to the Audit Committee's opinions:

(1) The items listed in Article 14-5 of the Securities and Exchange Act:

Meeting Date and Session	Content of motions	How the Company has responded to the Audit Committee's opinions:
2019/03/08 1st Audit Committee 18th Session	1. Motion of 2018 business report and 2018 consolidated financial statements 2. Motion of 2018 loss appropriation 3. Internal Control System Statement 4. The independence and appropriateness of CPAs 5. Motion of amendments to the Group's "Operational Procedures for Acquisition and Disposal of Assets" 6. Adding and amending internal corporate governance measures	Passed by all members of the Audit Committee
2019/04/11 1st Audit Committee 19th Session	1. Motion of amendments to the internal control system 2. Motion of cash capital increase 3. Amendments to the Group's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees" 4. Motion of the relocation plan of the U.S. subsidiary 5. Motion of the Group's capital reduction for the cancellation of employees restricted new shares	Passed by all members of the Audit Committee
2019/05/17 1st Audit Committee 20th Session	1. Motion of participation in the capital increase of the U.S. subsidiary 2. Motion of endorsement/guarantee	Passed by all members of the Audit Committee
2019/08/12 2nd Board 1st Session	1. Motion of the Q2 2019 consolidated financial statements 2. Motion of amendments to the plan of a sound business 3. Motion of duty changes for the Accounting Supervisor	All members of the Audit Committee have passed all motions
2019/09/19 2nd Board 2nd Session	1. Motion of Audit Supervisor appointment and remuneration plans 2. Adding and amending internal control system and applicable measures	Passed by all members of the Audit Committee

	2019/10/17 2nd Board 3rd Session	1. 2019 second cash capital increase 2. Motion of the U.S. subsidiary's capital increase 3. Motion of capital increase for Taiwan's sub-subsidiary	Passed by all members of the Audit Committee
	2019/12/17 2nd Board 4th Session	1. Motion of 2020 budget 2. Motion of amendments to the plan of a sound business 3. 2020 audit plan 4. Approved the financial estimations for Q4 2019 and Q1 2020 5. Q3 2019 financial report 6. Internal Control System Statement 7. Stock offering plan for a cash increase before listing 8. Ethical Corporate Management Best Practice Principles	Passed by all members of the Audit Committee
	2020/03/12 2nd Board 5th Session	1. Motion of 2019 business report and 2019 consolidated financial statements 2. Motion of 2019 loss appropriation 3. Motion of 2017 consolidated financial report (compiled with reference to the 2016 pro forma financial statements) 4. Internal Control System Statement 5. Motion of the Group's capital reduction for the cancellation of employees restricted new shares 6. Motion of the plan for 2020 employee stock warrants 7. Motion of the appointment of CPAs	Passed by all members of the Audit Committee
	2020/05/11 2nd Board 6th Session	1. Motion of the Q1 2020 consolidated financial statements	Passed by all members of the Audit Committee
	2020/07/10 2nd Board 7th Session	1. Motion for amendments to the plan for 2020 employee stock warrants 2. Motion of amendments to the plan of a sound business 3. Motion of capital increase for Taiwan's sub-subsidiary	Passed by all members of the Audit Committee
	2020/08/11 2nd Board 8th Session	1. Motion of the Q2 2020 consolidated financial statements 2. Motion for amendments to the plan for 2020 employee stock warrants 3. Motion of the U.S. subsidiary's capital increase	Passed by all members of the Audit Committee
	2020/11/11 2nd Board 9th Session	1. Motion for the Q3 2020 consolidated financial statements 2. Motion for 2020 amendments to the utilization of raised IPO funds 3. Motion of amendments to the plan of a sound business 4. Motion of cash capital increase	Passed by all members of the Audit Committee
	2020/12/24 2nd Board 10th Session	1. Motion of 2021 budget 2. 2021 audit plan	Passed by all members of the Audit Committee
	2021/01/06 2nd Board 11th Session	1. Motion for the withdrawal of the Group's second cash capital increase application for 2020	Passed by all members of the Audit Committee

2021/03/17 2nd Board 12th Session	1. Motion of 2020 business report and 2020 consolidated financial statements 2. Motion of 2020 loss appropriation 3. Internal Control System Statement 4. Motion of the appointment of CPAs 5. Motion of amendments to the plan of a sound business 6. Motion of amendments to the Group's "Procedures for Acquisition or Disposal of Assets"	Passed by all members of the Audit Committee

(2) Other than those described above, any resolutions not approved by the Audit Committee passed by more than two-thirds of directors: None.

2. In case of an independent director's recusal in a motion related to his/her own interests, please specify the director's names, the content of motions, the reasons for the recusal, and the voting results: None.

3. State of communication between independent directors, internal audit supervisor and CPA (such as significant items, methods and results of communications on the Group's finances and business status): The Group's Audit Committee meetings are convened in accordance with the "Audit Committee Charter." Through related motions, financial reports audited by CPAs are regularly reviewed. The internal audit implementation status and results are regularly reported to the Audit Committee. The Audit Committee also keeps a smooth communication channel with the independent directors.

(III)Corporate governance execution status and deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
1. Whether the Company establishes and discloses its corporate governance rules in accordance with the Corporate Governance Best-Practice Principles for TSE/TPEx Listed Companies?	✓		The Group has established its Corporate Governance Best-Practice Principles to implement vital corporate governance principles to protect shareholders' equity and interests, strengthen the functions of the Board of Directors and enhance the transparency of information. The Group has also formulated related corporate governance rules, such as the Rules of Procedure for Board Meetings, the Audit Committee Charter, the Remuneration Committee Charter, the Procedures for Handling Material Inside Information and Prevention of Insider Trading, the internal audit system, and the Ethical Corporate Management Best Practice Principles. The Group discloses material information as required by applicable laws and regulations and discloses financial and nonfinancial information regularly. 3 independent directors have also been set up; therefore, the Group's practical operations are handled in accordance with corporate governance rules.	No material nonconformity
2. Equity structure and shareholders' equity				
(1)Has the Company established internal procedures to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures been implemented accordingly?	✓		(1)The Group has appointed a professional stock transfer agency in Taiwan to handle stock affairs. It has set up a spokesperson and deputy spokesperson that are available to deal with shareholders' suggestions, doubts and disputes.	No material nonconformity
(2) Does the Company have the list of the Company's major shareholders and the	✓		(2) Through the insider reporting system, the Group is aware of the changes in the list of major shareholders and	No material nonconformity

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
list of the ultimate controllers of the major shareholders?			ultimate controllers of major shareholders.	
(3)Has the Company established and implemented the risk control and firewall mechanisms with affiliated enterprises?	✓		(3) The Group has formulated the "Management Measures Governing Transactions between Enterprises, Certain Companies and Related Parties." Related matters are handled accordingly to enforce risk control.	No material nonconformity
(4) Has the Company set up internal norms to prohibit insiders from utilizing undisclosed information to trade securities?	✓		(4) The Group has formulated the Procedures for Handling Material Inside Information and Prevention of Insider Trading to prevent insiders from trading marketable securities using information that is not yet open to the public. The Group also strengthens the promotion of legal compliance of insiders to be aware of and follow applicable regulations.	No material nonconformity
3. The composition, duties of the Board of Directors				
(1)Has the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	✓		(1) The Group's current Board is made up of 3 directors and 3 independent directors, who share backgrounds of biotechnology, healthcare, business management, and finance and accounting.	No material nonconformity
(2)Apart from establishing the Remuneration Committee and audit committee by the law, has the Company established other functional committees voluntarily?	✓		(2) Currently, we have established the Remuneration Committee and Audit Committee. In the future, the Group may set up other functional committees according to business needs.	May be established according to future needs.
(3)Has the company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and	✓		(3) The Group has established the Regulations Governing the Board Performance Evaluation and its evaluation methods and conducts a	No material nonconformity

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
does the company conduct a regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors (or peer) and use them as a reference in determining remuneration for individual directors, their nomination, and additional office terms?			regular performance evaluation as required. The first quarter of 2020 has been evaluated by all members of the board and the result has been submitted to the Board.	
(4) Has the company assessed the independence of the CPAs regularly?	✓		(4) We appoint CPAs through approval by the Board and carry out regular evaluations on the independence of the CPAs. The accounting firm of the Group's CPAs is a large accounting firm that audits the Group's financial statements with their substantial independence and is in compliance with laws and regulations.	No material nonconformity

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
4. Has the company designated an appropriate number of personnel that specializes (or are involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders meetings, preparation of board meeting and shareholders meeting minutes, etc.)?	✓		The Group currently does not meet the criteria of establishing a corporate governance department or personnel required by the competent authority; however, there are part-time corporate governance personnel responsible for related affairs.	May be established according to future needs.
5. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the Company with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	✓		The Group has set up dedicated personnel and email to respond to CSR issues concerning stakeholders properly.	No material nonconformity
6. Has the company appointed a professional stock transfer agency to handle stock affairs related to shareholders meetings?	✓		The Group has appointed a professional stock transfer agency in Taiwan to handle stock affairs and affairs related to shareholders meetings.	No materil nonconformity
7. Information Disclosure (1) Does the company have a website set up and the financial business and	✓		(1) The Group has a website in both Chinese and English where Company information will continue to be	No material nonconformity

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
corporate governance information disclosed?			disclosed. The Group also discloses related information on MOPS as required by regulations.	
(2) Has the company adopted other information disclosure methods (such as establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesperson system, and upload the procedure of institutional investor conference on its website, etc.)?	✓ ✓		(2) The Group has a website in both Chinese and English and provides information on the Group's business and corporate governance. The information is also disclosed on MOPS to facilitate external inquiries about the Group's financial and business information. Dedicated personnel have been appointed to collect and disclose the company's information. The Group has also established a spokesperson and deputy spokesperson system and will convene institutional investor conferences in the future as required by regulations.	No material nonconformity
(3) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?			(3) The Group published and reported its financial reports before the specified deadline.	No material nonconformity
8. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors and supervisors, risk	✓		(1)Employee rights and benefits, employee care: We attach great importance to the rights and benefits of employees and maintains smooth communication channels while providing adequate education and training and reasonable remuneration and benefits. (2)Investor relations: We publish all information on MOPS and the Group's	No material nonconformity No material nonconformity

Evaluation Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TEPx Listed Companies and the reasons
	Yes	No	Summary	
management policy and risk assessment implementation, the pursuit of customer policy, and the purchase of liability insurance for the company's directors and supervisors) that is helpful in understanding the corporate governance operation of the company?			website. Spokesperson and deputy spokesperson have also been set up to maintains investor relations. (3) Supply relations: We have clear agreements with suppliers and customers to regulate each other's rights and obligations. (4) Stakeholder rights: Stakeholders may communicate with and make suggestions to us through our website, spokesperson and deputy spokesperson to protect their legitimate rights and interests. (5) The directors and supervisors' continuing education: Continuing education is provided to directors as required by regulations. (6) Risk management policy and risk assessment implementation: We have established an internal control system and management measures and carry out operating procedures required by regulations. (7) The pursuit of customer policy: We implement quick response and quality customer service mechanism so as to become our customers' permanent business partner. (8) The purchase of liability insurance for the Company's directors and supervisors: The Group currently purchases liability insurance for directors.	No material nonconformity No material nonconformity No material nonconformity No material nonconformity No material nonconformity No material nonconformity
9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: (companies that are not included in the evaluation list do not need to fill in this field): The Group is not listed as an evaluation company, so filling in is not required.				

(IV) If the company has established a remuneration committee, its composition, duties and operations should be disclosed:

1. Information of members of the Remuneration Committee

Qualification / Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years of Work Experience			Independence Criteria (Note 1)										Number of Other Public Companies Where the Member is Also a Member of Their Remuneration Committee	Remarks
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialists who have passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Required working experience in commerce, law, finance, accounting or other fields required by the business of the Company	1	2	3	4	5	6	7	8	9	10		
Wen-Jing Tsai		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Ben Liu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Jack Hsiao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	

Note 1: Please fill in director, independent director or other in the identification field.

Note 2: For members who meet any of the following situations during the two years before being elected and during the term of office, please tick the appropriate corresponding boxes with "✓."

(1) Not an employee of the Company or any of its affiliated enterprises.
(2) Not a director or supervisor of its affiliated enterprises of the Company. However, this restriction does not apply in cases where the person is an independent director of the Company, its parent or subsidiary or a subsidiary of the same parent established pursuant to this law or local laws.
(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.
(4) Not a spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of any persons in the preceding three paragraphs.
(5) Not a Director, Supervisor or employee of a juristic-person shareholder holding 5% or more than 5% of the total outstanding shares issued by the Company, or a Director, Supervisor or employee of a juristic-person shareholder who is among the top 5 shareholders.
(6) Not a Director, Supervisor, Managerial Officer of a specified company or institution with a financial or operational relationship with the Company or a shareholder holding 5% or more than 5% of the company's total outstanding shares.
(7) Not a professional individual, owner, partner, director, supervisor, manager of the proprietorship, partnership, company or institution that provides commercial, law, financial and accounting services to the Company or its affiliated enterprises, or a spouse to the aforementioned persons.
(8) Not being a person of any conditions defined in Article 30 of the Company Act.

2. Information on the operation of the Remuneration Committee
   (1) The Group's Remuneration Committee is made up of 3 persons.
   (2) Current term:May 27, 2019 to May 26, 2022. As of the printing date of the annual report, the Remuneration Committee held a total of 9 meetings; between 2019 before the election, a total of 1 meeting was held. Therefore, a total of 10 meetings were held by the Remuneration Committee in the most recent 2 fiscal years and as of the publication date of the annual report. The attendance of members is as follows:

(3)

Position	Name	Actual Attendance (B)	Proxy Attendance	Actual Attendance Ratio (%) (B/A)	Remarks
Convener	Wen-Jing Tsai	10	-	100%	
Member	Ben Liu	10	-	100%	
Member	Jack Hsiao	10	-	100%	

Supplementary Information:

1. If the Board of Directors declines to adopt or modify a recommendation of the Remuneration Committee, the date, session, the content of motions, and the resolution of the Board meeting and handling of the resolution of the Remuneration Committee shall be specified (if the compensation package approved by the Board is better than the recommendation made by Remuneration Committee, please specify the discrepancy and its reason): None.
2. If a particular member holds an adverse opinion or qualified opinion on the resolution of the Remuneration Committee on record or in a written declaration, specify the date, the session, the content of motions, the opinions of all members, and the responses to the opinions of the members: None.

(V) Fulfillment of social responsibilities and Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," and the Reasons

Evaluation Item	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," and the Reasons
	Yes	No	Summary	
1. Has the company performed risk assessments on environmental, social, and corporate issues in relation to the Company's operations according to material principles and formulated relevant risk management policies or strategies?	✓		The Group has formulated the Corporate Social Responsibility Best Practice Principles. The internal control systems and relevant management measures of ABC-KY's operating bodies are formulated in accordance with the actual operations and needs of the environment in which they operate.	No material nonconformity
2. Does the company have a designated (or part-time) unit set up to promote corporate social responsibility, has the management been authorized by the Board of Directors to handle matters and, and does it report to the Board on the operation?	✓		Although we have not yet set up a designated (or part-time) department to promote CSR, we explain to our employees the environmental management system to raise their awareness regarding environmental protection through internal education and training.	May be established according to future needs.
3. Environmental issues (1) Does the company have an appropriate environmental management system established in accordance with its industrial character?	✓		(1) We place great importance on environmental protection and have established an appropriate environmental management system in accordance with its industrial character.	No material nonconformity
(2) Has the company committed efforts to upgrade the efficient use of resources and using recycled materials, causing less burden to the environment?			(2) We strive to enhance the efficient use of resources and foster good habits such as low-carbon office, water and power conservation among our employees.	No material nonconformity
(3) Does the company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?			(3) As we are primarily engaged in the production and sales of vitro diagnostic products, we are not directly related to climate change. However, the management team keeps a close eye on the target market regarding the impact of climate change in order to	No material nonconformity

Evaluation Item	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," and the Reasons
	Yes	No	Summary	
(4) Does the company maintain statistics on greenhouse gas emissions, water usage and total waste volume in the last two years and implement policies to reduce energy, carbon, greenhouse gas, water and waste?			formulate and adopt relevant measures accordingly. (4) We are committed to reducing the impact of the Group's operation on the environment. We pay attention to the temperature in the office in an attempt to reduce carbon emissions while promoting energy conservation, recycling and reusing.	No material nonconformity
4. Social issues (1) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights?	✓		(1) We protect employees' legal rights and interests by formulating personnel management rules, work rules, and other policies and procedures as required by labor laws and regulations.	No material nonconformity
(2) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?			(2) We have established and implemented reasonable employee benefit measures (including remuneration, holidays and other benefits), and reflect our business performance or achievements in the employee remuneration.	No material nonconformity
(3) Does the company provide employees with a safe and healthy work environment and regularly provide safety and health education to employees?			(3) We provide our employees with a safe and healthy workplace. We organize labor safety education and training periodically.	No material nonconformity
(4) Has the company established a training program for helping employees with effective career planning?			(4) We organize internal education and training from time to time and encourage our employees to take part in external education and training so that employees are able to improve their working ability.	No material nonconformity

Evaluation Item	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," and the Reasons
	Yes	No	Summary	
(5) Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?			(5) Our marketing and labeling of products and services comply with applicable laws, regulations, and international standards.	No material nonconformity
(6) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?			(6) Although the Group's contracts currently entered into with its major suppliers do not cover the contents listed on the left, ABC-KY performs audits on suppliers' basic information as required by the internal control system and applicable management measures.Until now, ABC-KY has no suppliers with significant environmental protection concerns,occupational safety and health, or labor and human rights.	May be established according to future needs.
5. Does the company prepare a corporate social responsibility report or any non-financial information report based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party verification unit?			The Group has not prepared a CSR report.	May be established according to future needs.
6. If the Company has established its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," elaborate the state of implementation and any variation thereof: The Group has conducted the establishment of its own corporate social responsibility best practice principles. There are no significant differences from the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies."				
7. Any other important information that may help the understanding of the performance of corporate social responsibility better:				

Evaluation Item	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies," and the Reasons
	Yes	No	Summary	
Not only do we attach great importance to legal compliance to protect all stakeholders, as a group concerned by society, but it has also become the Group's culture to strive to fulfill its corporate social responsibility while setting an example.				

(VI) Ethical Corporate Management Best Practice Principles and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
1. Ethical Management Policies and Action Plans				
(1) Has the company established an ethical management policy that its Board of Directors has passed, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on the rigorous and thorough implementation of such policies and methods?	✓		(1) The Group has formulated the Ethical Corporate Management Best Practice Principles and the Conduct Guidelines, in which the policy, method and commitment of ethical management are clearly listed.	No material nonconformity
(2) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(2) The Group has formulated the Ethical Corporate Management Best Practice Principles and the Conduct Guidelines, in which the regulations are clearly listed.	No material nonconformity
(3) Has the company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous	✓		(3)The Group has established the Guidelines for the Adoption of Codes of Ethical Conduct and foster the idea of corporate ethics to the employee. The Group's management regulations have clear, relevant reward and disciplinary measures.	No material nonconformity

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
program on a regular basis?				
2. Implementation of Ethical Management				
(1) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓ ✓ ✓ ✓		(1) The Company carries out a review on the basic information of whom the Company does business with, as required by the internal control system and applicable management measures. So far, there is no significant irregularity in the content of purchase and sales or payment and receipt. Therefore, the main counterparties should have no unethical record. Although ABC-KY does not specify integrity terms in the contract entered into with counterparties,both the Company and counterparties carry out operating procedures in accordance with our respective internal norms. ABC-KY also enforces the regulations stipulated in the Ethical Corporate Management Best Practice Principles and the Conduct Guidelines.	No material nonconformity/ The Company will specify ethical terms and conditions in the contract according to future needs.
(2) Has the company set up a dedicated, responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?			(2) Although the Group has not established a dedicated unit to promote corporate ethical management under the Board of Directors, all of the Group's operating activities adhere to the spirit of ethical Corporate Management Best Practice Principles and the Conduct Guidelines, and implement ethical management policy while proactively preventing any unethical conduct.	May be established according to future needs.
(3) Does the company have any			(3) The Group has established the	No material

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
policy that prevents conflict of interest and channels that facilitate the reporting of conflicting interests?			Guidelines for the Adoption of Codes of Ethical Conduct for the employee to follow, to prevent them from sacrificing the Company's interests for their personal gains.	nonconformity
(4) Has the company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an accountant to carry out the review?			(4) The Group has established an effective accounting system and internal control system. These systems are regularly reviewed for compliance by internal auditors.	No material nonconformity
(5) Does the company organize internal or external training on a regular basis to maintain ethical management?			(5) The Group has established rules for ethical management and promotes the importance of ethical management to the employee from time to time.	No material nonconformity
3. Whistleblowing system				
(1) Does the company have a specific whistleblowing and reward system established, a convenient report channel established, and a responsible staff designated to handle the individual being reported?	✓		(1) Applicable operations have been stipulated in the Group's Ethical Corporate Management Best Practice Principles and the Conduct Guidelines. However, there has not been any whistleblowing incidents.	No material nonconformity
(2) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconducts?	✓ ✓		(2) Applicable operations have been stipulated in the Group's Ethical Corporate Management Best Practice Principles and the Conduct Guidelines.	No material nonconformity
(3) Has the company taken			(3) Applicable operations have been	No material

Evaluation Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?			stipulated in the Group's Ethical Corporate Management Best Practice Principles and the Conduct Guidelines.	nonconformity
4. Information Disclosure Strengthening Has the company disclosed the content of its ethical corporate management best practice principles and the results of implementation on its official website and MOPS?	✓		The Group's information is released in a timely and transparent manner, and information related to ethical corporate management is fully disclosed in the annual report.	No material nonconformity
5. For companies who have established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the current practice and any deviations from the code of conduct: So far, there are no significant differences in the operation.				
6. Other important information that helps to understand the practice of ethical management of the company: (e.g., the review and revision of Ethical Corporate Management Best Practice Principles): The Group arranges corporate governance courses for directors on a regular basis and promotes the ethical management policy through internal meetings from time to time.				

Note: Regardless of clicking "yes" or "no," it should be explained in the summary field.

(VII) If the Company established the corporate governance guidelines and related articles, please disclose the inquiry method:

We have formulated measures including the Ethical Corporate Management Best Practice Principles and Guidelines for the Adoption of Ethical Conduct codes. Not only are these measures disclosed on MOPS as required by the competent authority, we have also set up a corporate governance section on the website to fully disclose information on the Group's corporate governance.

(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance: None.

(IX) Internal control system implementation status

1. Internal Control System Statement

Applied BioCode Corporation

Statement on Internal Control System

Date: March 17, 2021

In 2020, the Company conducted an internal audit of its internal control system and hereby declares the following:

I. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability of financial reporting and compliance with relevant regulatory requirements.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the internal control system in design and implementation in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"). The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control system: 1. Control Environment, 2. Risk Assessment, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2020 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board on March 17, 2021 in the presence of 6 directors, who concurred unanimously.

Taiwan FamilyMart Co., Ltd

Chairman : Goerge J. Lee

General Manager : Winston Z. Ho

If an accountant is entrusted to perform a special audit on the internal control system, the audit report shall be disclosed

pwc 資誠

Applied BioCode Corporation
內部控制制度審查報告

資會綜字第 20008980 號

後附 Applied BioCode Corporation 民國 110 年 3 月 17 日謂經評估認為其與外部財務報導及保障資產安全有關之內部控制制度，於民國 109 年 12 月 31 日係有效設計及執行之聲明書，業經本會計師審查竣事。維持有效之內部控制制度及評估其有效性係公司管理階層之責任，本會計師之責任則為根據審查結果對公司內部控制制度之有效性及上開公司之內部控制制度聲明書表示意見。

本會計師係依照「公開發行公司建立內部控制制度處理準則」及一般公認審計準則規劃並執行審查工作，以合理確信公司上述內部控制制度是否在所有重大方面維持有效性。此項審查工作包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估內部控制制度設計及執行之有效性，以及本會計師認為必要之其他審查程序。本會計師相信此項審查工作可對所表示之意見提供合理之依據。

任何內部控制制度均有其先天上之限制，故 Applied BioCode Corporation 上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

依本會計師意見，依照「公開發行公司建立內部控制制度處理準則」之內部控制有效性判斷項目判斷，Applied BioCode Corporation 與外部財務報導及保障資產安全有關之內部控制制度，於民國 109 年 12 月 31 日之設計及執行，在所有重大方面可維持有效性；Applied BioCode Corporation 於民國 110 年 3 月 17 日所出具謂經評估認為其上述與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面則屬允當。

資誠聯合會計師事務所

會計師 許林爵

會計師 張志孟

前行政院金融監督管理委員會證券期貨局
核准簽證文號：金管證審字第0990047105號
前行政院金融監督管理委員會證券期貨局
核准簽證文號：金管證六字第0960042326號

中華民國 110 年 3 月 19 日

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
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27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
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(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the last fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholders' equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the last fiscal year and up to the date of publication of the annual report:

Date of Meeting	Session	Content of motions	Resolution
2020/03/12	6th meeting of the 3rd board	(1) Motion of 2019 business report and 2019 consolidated financial statements (2) Motion of 2019 loss appropriation	Motion has been passed
2020/05/11	7th meeting of the 3rd board	Motion of the Q1 2020 consolidated financial statements	Motion has been passed
2020/07/10	8th meeting of the 3rd board	Motion of capital increase for Taiwan's sub-subsidiary	Motion has been passed
2020/05/29	2020 Annual General Meeting	(1) Motion of 2019 loss appropriation (2) Motion of 2019 Business Report and 2019 Consolidated Financial Statements (3) Amendments to the Group's Articles of Incorporation and Memorandum	Motion has been passed
2020/08/11	9th meeting of the 3rd board	(1) Motion of the Q2 2020 consolidated financial statements (2) Motion of the U.S. subsidiary's capital increase	Motion has been passed
2020/11/11	10th meeting of the 3rd board	(1) Motion for the Q3 2020 consolidated financial statements (2) Motion of cash capital increase	Motion has been passed
2020/12/24	11th meeting of the 3rd board	(1) Motion of 2021 budget (2) 2021 audit plan	Motion has been passed
2021/01/06	12th meeting of the 3rd board	Motion for the withdrawal of the Group's second cash capital increase application for 2020	Motion has been passed
2021/03/17	13th meeting of the 3rd board	(1) Motion of 2020 Business Report and 2020 Consolidated Financial Statements (2) Motion of 2020 loss appropriation	Motion has been passed

(XII) Any other documented objections or qualified opinions raised by directors or supervisors against board resolutions in relation to matters, and their content for the most recent fiscal year and as of the publication date of the annual report: None.

(XIII) Resignation or discharge of chairman, president and managerial staff of accounting, finance, internal audit, and research and development for the most recent fiscal year and as of the publication date of the annual report: None.

5. Information of CPA Professional Fees

(1) Breakdown of CPA Professional Fees

Name of the Accounting Firm	Name of the CPAs		Audit Period	Remarks
PwC Taiwan	Andy Chang	Wendy Liang	2020	
	Andy Chang		Issuance of employee stock warrants and common stock for cash application	

Amount Unit: NT$ thousand

Price Range \ Fee Item		Audit Fee	Non-Audit Fee	Total
1	Below NT$2,000,000		✓	✓
2	NT$2,000,000 (inclusive) - 4,000,000			
3	NT$4,000,000 (inclusive) - NT$6,000,000			
4	NT$6,000,000 (inclusive) - NT$8,000,000	✓		✓
5	NT$8,000,000 (inclusive) - NT$10,000,000			
6	Above NT$10,000,000 (inclusive)			

(2) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any associate of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services:

Amount Unit: NT$ thousand

Name of the Accounting Firm	Name of the CPAs	Audit Fee	Non-Audit Fee					CPA audit period	Remarks
			System design	Industrial and commercial registration	HR	Others	Subtotal		
PwC Taiwan	Andy Chang	6,992				370	7,362	2020	
	Wendy Liang								

(3) When the company changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

(4) Over 10% decrease in audit fee compared to the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

6. Change of CPAs: The Group's original CPAs were Andy Chang and Wendy Liang of PwC Taiwan. Due to the rotation requirement, from the first quarter of 2021, the CPAs for the Company have been changed to Wendy Liang and Alan Chien.

7. Status of whether the company's chairman, president, or any managerial officer in charge of finance or accounting matters has for the last fiscal year held a position at the accounting firm of its auditing CPAs or at an affiliate: None.

8. Information of shares transfers or pledges from Board of Directors, Managers, and shareholders with more than 10% shareholding

(I) Changes in shareholding and changes in pledge of shares by directors, supervisors, managerial officers and major Shareholders:

Unit: Shares

Position	Name	2019		2020		as of 31 March , 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	George J. Lee	-	-	-	-	-	-
Director and President	Winston Z. Ho	-	-	5,000	-	-	-
Directors	Richard Chang	-	-	-	-	-	-
Directors	Benjamin Jen	-	-	-	-	-	-
Independent director	Wen-Jing Tsai	-	-	-	-	-	-
Independent director	Jack Hsiao	-	-	-	-	-	-
Independent director	Ben Liu	-	-	-	-	-	-
Vice President	Michael Aye	-	-	140,000	-	-	-
Vice President	Donald Wong	-	-	50,000	-	(9,500)	-
Vice President	Liang-Kai Huang	-	-	10,000	-	-	-
Vice President	You-Ning Chen	-	-	(100,000)	-	6,500	-
Associate manager	Steve Partono	(22,500)	-	(8,708)	-	-	-
Associate manager	Tara Viviani	-	-				
Associate manager	Michael Ho	14,063	-	-	-	-	-
Associate manager	Gerald Kowalski	(3,500)	-	-	-	-	-
Associate manager	Gao Chen	-	-	5,000	-	-	-
Associate manager	Ingrid Joseph	-	-	9,500			
Associate manager	Frank Mitchell	-	-	-			
Associate manager	Ruei-E Tang	-	-	20,000	-	-	-
Associate manager	Debra Linguist	-	-	(27,998)	-	-	-
Associate manager	Shing-An Jau	(20,000)	-	-	-	-	-
Associate manager	Jia-Chi Jang	5,000	-	18,000	-	(4,000)	-
Manager	Rou-Tung Pan	5,000	-	-	-	-	-
Manager	Tzung-Han You	-	-	-	-	-	-
Shareholders holding more than 10% of the shares	Maxwell Sensors	168,034	-	-	-	-	-

Note: Associate manager, Steve Partono resigned on November 14, 2020.
Associate manager, Jia-Chi Jang resigned on April 6, 2021.

(II) Information on transfer of shares or pledge of shares to related parties: Not applicable.

9. Information of Relationship between top 10 shareholder

April 9, 2020; Unit: share

Name	Shareholding		Shareholding of Spouse & Minor Children		Number of shares held under another person's name		Names and relationship of top ten shareholders who are related parties, spouses or within second-degree of kinship to each other		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
Maxwell Sensors	8,307,042	10.17	-	-	-	-	-	-	-
(Representative: Winston Z. Ho)	103,750	0.13	4,948,316	6.05	4,905,900	6.00	-	-	-
Fu-Lung Shiu	6,854,723	8.39	-	-	-	-	-	-	-
GVT Fund, L.P.	4,169,131	5.10	-	-	-	-	-	-	-
(Representative: Benjamin Jen)	-	-	-	-	-	-	-	-	-
Eureka BioVenture Partners	3,571,060	4.37	-	-	-	-	-	-	-
(Representative: George J. Lee)	-	-	-	-	3,571,060	4.37	-	-	-
Celerus Diagnostics	2,729,061	3.34	-	-	-	-	-	-	-
Jih-Yuan Venture & Investment Inc.	2,088,427	2.56	-	-	-	-	-	-	-
(Representative: Richard Chang)	-	-	-	-	-	-	-	-	-
Wistron Corporation	2,075,000	2.54	-	-	-	-	-	-	-
(Representative: Shian-Ming Lin)	-	-	-	-	-	-	-	-	-
AI Biotechnology Co., Ltd.	1,975,473	2.42							-
(Representative: Ben-Yi Jou)	-	-							-
Wise Cap Limited Company	1,724,514	2.11					Wistron Corporation		-
(Representative: Fu-Chian Lin)									-
Min-De Huang	1,650,766	2.02							-

10. Number of shares and shareholding percentage of an invested entity held by the company, the company's board members, supervisors, managers and directly or indirectly controlled entities

December 31 2020; Unit: thousand shares; %

Investment business	Group Investment		Directors, supervisors, managers and investments in direct or indirectly controlled entities		Consolidated Investment	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
Applied BioCode, Inc.	43,140	100.00	-	-	43,140	100.00
ABC-TW (Note)	7,535	100.00	-	-	7,535	100.00

Note: Originally named Wei-Cih Biotechnology Corporation; changed its name on August 12, 2016.

IV. Fundraising

1. Capital and Shares

(I) Source of Share Capital

1. Formation of Share Capital

Unit: NT$; Shares

Year / Month	Issue Price	Authorized Share Capital		Paid-up Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2016.04	USD 0.0001	35,470,000	USD 3,547	1	USD 0.0001	Share Capital at establishment	None	—
Denomination of NT$10 (Note 1)								
2016.06	-	39,000,000	390,000,000	30,919,658	309,196,580	Share conversion	ABC-US Equity	Note 2
2016.07	-	39,000,000	390,000,000	30,909,658	309,096,580	Cancellation of 10,000 shares of restricted stock	None	—
2016.08	-	39,000,000	390,000,000	30,907,762	309,077,620	Cancellation of 1,896 shares of restricted stock	None	—
2016.10	USD 2.7751	90,000,000	900,000,000	33,152,605	331,526,050	Cash capital increase	None	—
2016.11	-	90,000,000	900,000,000	46,413,646	464,136,460	Capital surplus transferred to capital increase	Additional paid-in capital	—
2017.07	USD 0.036, 0.107, 0.286	90,000,000	900,000,000	46,437,509	464,375,090	Conversion of 23,863 shares of employee stock warrants	None	—
2017.8	USD 0.036, 0.107, 0.286	90,000,000	900,000,000	46,507,432	465,074,320	Conversion of 69,923 shares of employee stock warrants	None	—
2017.09	USD 0.036, 0.286	90,000,000	900,000,000	46,571,389	465,713,890	Conversion of 63,957 shares of employee stock warrants	None	—
2017.12	-	90,000,000	900,000,000	46,567,901	465,679,010	Cancellation of 3,488 shares of restricted stock	None	—
2017.12	NT$35	90,000,000	900,000,000	50,567,901	505,679,010	Cash capital increase to issue 4,000,000 new shares	None	Note 3
2018.01	USD 0.107, 0.286	90,000,000	900,000,000	50,598,233	505,982,330	Conversion of 30,332 shares of employee stock warrants	None	—
2018.03	USD 0.036, 0.039, 0.107, 0.286	90,000,000	900,000,000	50,764,174	507,641,740	Conversion of 165,941 shares of employee stock warrants	None	—
2018.06	0	90,000,000	900,000,000	51,092,174	510,921,740	Issued 328,000 employees restricted new shares	None	—

Year / Month	Issue Price	Authorized Share Capital		Paid-up Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2018.07	USD 0.036, 0.107, 0.286	90,000,000	900,000,000	51,258,744	512,587,440	Conversion of 166,570 shares of employee stock warrants	None	—
2018.08	USD 0.286	90,000,000	900,000,000	51,267,441	512,674,410	Conversion of 8,697 shares of employee stock warrants	None	—
2018.10	NT$ 38	90,000,000	900,000,000	61,967,441	619,674,410	Cash capital increase to issue 10,700,000 new shares	None	Note 4
2018.11	USD 0.286	90,000,000	900,000,000	61,970,024	619,700,240	Conversion of 2,583 shares of employee stock warrants	None	—
2018.12	USD 0.286	90,000,000	900,000,000	61,990,752	619,907,520	Conversion of 20,728 shares of employee stock warrants	None	—
2018.12	0	90,000,000	900,000,000	62,010,752	620,107,520	Issued 20,000 employees restricted new shares	None	—
2019.03	USD 0.286, 0.571	90,000,000	900,000,000	62,013,887	620,138,870	Conversion of 3,135 shares of employee stock warrants	None	—
2019.05	-	90,000,000	900,000,000	62,008,887	620,088,870	Cancellation of 5,000 shares of restricted stock	None	—
2019.09	NT$ 38	90,000,000	900,000,000	71,008,887	710,088,870	Cash capital increase to issue 9,000,000 new shares	None	Note 5
2019.12	NT$ 38	90,000,000	900,000,000	72,288,887	722,888,870	Cash capital increase to issue 1,280,000 new shares	None	Note 6
2019.12	USD 0.286	90,000,000	900,000,000	72,292,950	722,929,500	Conversion of 4,063 shares of employee stock warrants	None	—
2020.02	USD 0.286	90,000,000	900,000,000	72,295,763	722,957,630	Conversion of 2,813 shares of employee stock warrants	None	—
2020.03	USD 0.286	90,000,000	900,000,000	72,297,764	722,977,640	Conversion of 2,001 shares of employee stock warrants	None	—
2020.03	-	90,000,000	900,000,000	72,290,264	722,902,640	Cancellation of 7,500 shares of restricted stock	None	—
2020.06	NT$ 48	90,000,000	900,000,000	81,340,264	813,402,640	Cash capital increase to issue 9,050,000 new shares	None	—

Year / Month	Issue Price	Authorized Share Capital		Paid-up Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2020.06	USD 0.107, 0.286, 0.571	90,000,000	900,000,000	81,413,265	814,132,650	Conversion of 73,001 shares of employee stock warrants	None	—
2020.07	USD 0.107, 0.571; NT$ 37.8	90,000,000	900,000,000	81,535,848	815,358,480	Conversion of 122,583 shares of employee stock warrants	None	—
2020.08	USD 0.107; NT$ 37.8	90,000,000	900,000,000	81,579,598	815,795,980	Conversion of 43,750 shares of employee stock warrants	None	—
2020.09	USD 0.286; NT$ 37.8	90,000,000	900,000,000	81,592,998	815,929,980	Conversion of 13,400 shares of employee stock warrants	None	—
2020.10	NT$ 37.8	90,000,000	900,000,000	81,597,998	815,979,980	Conversion of 5,000 shares of employee stock warrants	None	—
2020.12	USD 0.286; NT$ 35.6, 37.8	90,000,000	900,000,000	81,638,998	816,389,980	Conversion of 41,000 shares of employee stock warrants	None	—
2021.01	USD 0.286; NT$ 35.6, 37.8	90,000,000	900,000,000	81,660,718	816,607,180	Conversion of 21,720 shares of employee stock warrants	None	—
2021.03	USD 0.286	90,000,000	900,000,000	81,690,718	816,907,180	Conversion of 30,000 shares of employee stock warrants	None	—
2021.04	NT$ 37.8	90,000,000	900,000,000	81,697,218	816,972,180	Conversion of 6,500 shares of employee stock warrants	None	—

Note 1: The capital currency of ABC-KY was changed to New Taiwan Dollars at the shareholders meeting held on June 25, 2016. The capital of USD 0.0001 at the establishment was recovered for cancellation.
Note 2: At the shareholders meeting held on June 25, 2016, it was resolved to transfer ABC-US shares into ABC-KY shares.
Note 3: Effective on November 10, 2017 by Order No. Jin-Guan-Zheng-Fa-Zhi 1060042480.
Note 4: Effective on 5 July, 2018 by Order No. Jin-Guan-Zheng-Fa-Zhi 1070324292.
Note 5: Effective on April 26, 2019 by Order No. Jin-Guan-Zheng-Fa-Zhi 1080312561. The share capital after increase includes 7,500 shares that have been recovered but not yet cancelled.
Note 6: Effective on November 18, 2019 by Order No. Jin-Guan-Zheng-Fa-Zhi 1080336143. The share capital after increase includes 7,500 shares that have been recovered but not yet cancelled.

2. The Company's private placement of common stock for the past 3 years and as of the publication date of the annual report: The Group was not engaged in the private placement of common stock for the past 3 years and as of the publication date of the annual report.

3. Types of shares issued

April 9, 2021; Unit: share

Types of shares	Authorized Share Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary share	81,697,218	8,302,782	90,000,000	

4. General information about the reporting system: Not applicable.

(II) Shareholder Structure

April 9, 2021

Shareholder Structure / Count	Government agency	Financial institution	Other corporations	Individual	Foreign institutions and foreigners	Total
Number of personnel	-	-	27	6,605	59	523
No. of shares held	-	-	11,232,521	39,945,731	30,518,966	81,697,218
Shares Ratio	-	-	13.75	48.89	37.36	100.00
Shareholders from PRC: -, shareholding ratio: -.						

Note: The definitions of "individual" and "foreign institutions and foreigners" are based on whether or not their nationality is Taiwan. Therefore "individual" in this table refers to individuals with Taiwan nationality, while "foreign institutions and foreigners" refer to individuals and corporations without Taiwan nationality (including the U.S.).

(III) Distribution of Share Ownership

Denomination of NT$10 per share; April 9, 2021

Range of shares	Number of shareholders (persons)	Shares held (shares)	Shareholding percentage (%)
1 to 999	275	45,357	0.06
1,000 to 5,000	5,262	10,290,089	12.60
5,001 to 10,000	588	4,530,552	5.55
10,001 to 15,000	165	2,115,721	2.59
15,001 to 20,000	124	2,289,528	2.80
20,001 to 30,000	108	2,750,206	3.37
30,001 to 50,000	59	2,361,374	2.89
50,001 to 100,000	52	3,556,326	4.35
100,001 to 200,000	21	3,017,910	3.69
200,001 to 400,000	13	3,727,461	4.56
400,001 to 600,000	6	2,852,884	3.49
600,001 to 800,000	1	620,608	0.76
800,001 to 1,000,000	3	2,837,594	3.47
Above 1,000,001	14	40,701,608	49.82
Total	6,691	81,697,218	100.00

(IV) List of major shareholders

April 9, 2021; Unit: shares

Share / Name of major shareholder	No. of shares held	Shares Ratio
Maxwell Sensors, Inc.	8,307,042	10.17%
Fu-Lung Shiu	6,854,723	8.39%
GVT Fund, L.P.(investment account of GRC SinoGreen Fund under the custody of Bank SinoPac)	4,169,131	5.10%
Eureka BioVenture Partners	3,571,060	4.37%
Celerus Diagnostics Inc	2,729,061	3.34%
Jih-Yuan Venture & Investment Inc.	2,088,427	2.56%
Wistron Corporation	2,075,000	2.54%
AI Biotechnology Co., Ltd.	1,975,473	2.42%
Wise Cap Limited Company	1,724,514	2.11%

Share / Name of major shareholder	No. of shares held	Shares Ratio
Min-De Huang	1,650,766	2.02%

1. The status of directors, supervisors and shareholders holding more than 10 percent of outstanding shares waived their subscription right to the cash capital increase during the most recent 2 fiscal years and in the current fiscal year.

(1) The status that directors, supervisors and shareholders holding more than 10 percent of outstanding shares had waived their subscription right to the cash capital increase:

Position	Name	2019		2020	
		Numbers of shares for subscription	Number of shares subscribed	Numbers of shares for subscription	Number of shares subscribed
Directors	Winston Z. Ho	14,871	0	Shareholders waived their rights to subscribe common stock for cash prior to public listing resolved by the shareholders' meeting	
Major shareholder	Maxwell Sensors	1,063,169	168,034		

(2) If the subscription to the cash capital increase being waived was subscribed by a related person who was designated for such subscription, the name of such related person, its relationship with the company, directors, supervisors and shareholders holding more than 10 percent of outstanding shares, and the number of the shares thus subscribed shall also be disclosed: Not applicable as the Group's major shareholders who waived their subscription right during 2019-2020 were non-related persons.

(V) Market price, net worth, earnings, dividends per share and other relevant information forthe most recent 2 fiscal years

Unit: thousand shares; NT$

Item / Year			2019	2020
Market price per share (Note 1)	Highest		Not listed on TWSE/TPEx	182.5
	Lowest		Not listed on TWSE/TPEx	53.5
	Average		Not listed on TWSE/TPEx	104.47
Net worth per share	Before dividends		7.34	13.31
	After dividends		7.34	13.31
Earnings per Share	Number of weighted average shares		64,274	77,570
	Earnings (loss) per share		(4.36)	(1.33)
Dividends per share (Note 2)	Cash dividends		-	-
	Bonus shares	Retained shares distribution	-	
		Stock dividends from capital surplus	-	

	Cumulative undistributed dividends	-	-
Return on investment analysis (Note 1)	Price earnings ratios	Not listed on TWSE/TPEx	-
	P/E ratio	Not listed on TWSE/TPEx	-
	Cash Dividend Yield	Not listed on TWSE/TPEx	-

Note 1: The Group was listed on June 9, 2020.

Note 2: From 2017, the Group hast not distributed dividends yet.

(VI) Company dividend policy and implementation status

1. Dividend policy in Articles of Incorporation

It is determined based on the Group's dividend policy, and the Board understands that the Group's operations are in a growth stage. Determined dividends or other distributable amounts (if any) are agreed upon by shareholders in a fiscal year, and the Board of Directors:

(1) Must take into account the Group's earnings, overall development, financial planning, capital needs, industry outlook, and future prospects for the fiscal year to ensure the rights and interests of shareholders; and

(2) As required by Article 14.4 of the Company's Articles of Incorporation, not only remuneration to employees and directors shall be distributed. The following shall also be set aside from the current net income: (i) losses to be made up; (ii) 10% of the general reserve (the "legal reserve"); and (iii) the special reserve required by the Board of Directors in accordance with the rules for public companies promulgated by the Securities Authority, or the surplus resolved in Article 15.1 of the Company's Articles of Incorporation.

Without violating the Company Law of the Cayman Islands, after remuneration to employees and directors in accordance with Article 14.4 of the Company's Articles of Incorporation and an amount deemed appropriate by the Board of Directors in accordance with Article 14.5 of the Company's Articles of Incorporation are set aside, the Board of Directors shall set aside not less than 10% of the distributable amount of the earnings from the previous fiscal year (excluding the accumulated earnings from previous years) as dividends for shareholders. These dividends must be resolved by the shareholders meeting prior to distribution. Distribution of dividends to shareholders and remuneration to employees shall be determined by the Board of Directors and distributed in cash, or by the amount of the unissued shares in such amount, or both. However, dividends to shareholders may not be less than 10% of the total dividends and shall be distributed in cash. The Group does not pay interest on undistributed dividends and remuneration.

2. The proposed distribution of dividends for the year

The Group suffered a loss in 2020; therefore, there is no distribution of the previous year's earnings in 2021.

(VII) The impact of bonus shares on company operating performance and earnings per share for the current fiscal year: None.

(VIII) Remuneration to employees, directors and supervisors

1. The percentage or scope of remuneration to employees, directors and supervisors stipulated in the Articles of Incorporation

As stipulated in the Group's Articles of Incorporation, if the Group makes a "profit" (as defined below) in the year, no more than 12% of the profit shall be set aside as remuneration to employees ("employee remuneration"). Employee remuneration is paid to employees of the Group and of its subsidiaries who are subject to meet certain criteria. The Group may set aside no more than 3% of the said profit as remuneration to directors (directors' remuneration) (excluding independent directors). The motion of the employee remuneration and directors' remuneration shall be approved by a resolution made by the Board of Directors' meeting attended by two-thirds of the total number of directors and approved by a majority of the directors present at the meeting. Then it will

be submitted to the shareholders' meeting. Where the Group still has accumulated losses, the amount of remuneration shall be retained in advance. Employee remuneration and directors' remuneration shall be set in accordance with the aforementioned ratio. The term "profit" refers to the Group's profit before tax. So as to avoid confusion, the term "profit before tax" refers to the amount before the payment of employee remuneration and directors' remuneration.

2. The accounting of the difference between the estimates of remuneration to employees, directors and supervisors, the basis for the calculation of outstanding shares for dividend payment and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

   The Group suffered a loss in 2020; therefore, there is no allocated remuneration to employees and directors.

3. Remuneration to employees passed by the Board of Directors: None.

4. Remuneration distribution and the result reported by the shareholders meeting: None.

5. If there is any discrepancy between actual distribution (including the number of shares distributed, amount and stock price) and the recognized remuneration for employees, directors and supervisors for the previous year, please specify the discrepancy, cause, and how it is treated: None.

(IX) Repurchase of shares:

Until now, the Group has not repurchased or acquired the Group's shares from the market as approved by the Board of Directors. Therefore, the Group has not been engaged in matters stipulated in Article 28-2 of the Securities and Exchange Act. However, since the Company began its public offering in Taiwan in January 2017, only employees restricted new shares owned by an employee were withdrawn due to their departure as required by the issuance regulations. Currently, there are no ongoing repurchasing procedures.

2. Corporate Bonds (overseas included): None.

3. Preferred Shares: None.

4. Global Depository Receipts: None.

5. Employees Incentive Stock Options

(1) For employee stock warrants issued by the Company but not yet mature, the date of effective registration from the competent authority; issue date, number of units issued; the ratio of the number of issued shares for subscription to total number of issued shares; subscription period, exercise method; period and ratio in which subscription is restricted; the number of shares that have been obtained through exercise of subscription rights, NT dollar amount of the shares subscribed, number of shares that have not been subscribed, subscription price per share of the unsubscribed shares, and the ratio of the number of unsubscribed shares to the number of issued and outstanding shares up to the publication date of the annual report, and effect on shareholders' equity:

April 9, 2021

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)				
Effective date of application	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Date of issuance	2014/1/14	2014/6/16	2014/9/26	2015/3/20	2015/6/26
Expected life	10 years	10 years	10 years	1 year	10 years
Total number of units for issuance	80,000 shares	100,000 shares	70,000 shares	26,500 shares (of which 4,886 shares have lapsed)	60,000 shares (of which 20,000 shares have lapsed)

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)				
Ratio of the number of issued shares for subscription to total number of issued shares	0.10%	0.12%	0.09%	0.03%	0.05%
Subscription period	10 years	10 years	10 years	10 years	10 years
Exercise method	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares
Vesting conditions for duration and ratio of new restricted employee shares	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Four-year vesting schedule; 1/48 of the total grant of shares will vest each month using the straight-line method.	0 to 4 years; vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	0 to 4 years; vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (3) 1-year vesting schedule; 1/12 of the total grant of shares will vest each month using the straight-line method.	0 to 4 years; vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (3) 1-year vesting schedule; 1/12 of the total grant of shares will vest each month using the straight-line method.
Number of shares that have been obtained through the exercise of subscription rights	80,000 shares	100,000 shares	30,000 shares	21,614 shares	20,000 shares
Amount of the shares subscribed	USD 8,560.00	USD 10,700.00	USD 8,580.00	USD 6,181.60	USD 5,720.00
Number of shares that	-	-	40,000 shares	-	20,000 shares

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)				
have not been subscribed					
Subscription price per share of the unsubscribed shares (Note)	USD 0.107	USD 0.107	USD 0.286	USD 0.286	USD 0.286
Ratio of the number of unsubscribed shares to the number of issued (%)	-	-	0.05%	-	0.02%
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The exercise price is the exercise price adjust by the anti-dilution terms and conditions to accommodate the capital increase proposal of the capital company resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

April 9, 2021

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)					
Effective date of application	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Date of issuance	2015/10/16	2016/2/29	2016/6/8	2016/9/18	2016/9/29	2016/11/2
Expected life	10 years	10 years	10 years	10 years	10 years	10 years
Total number of units for issuance	47,400 shares (of which 15,000 shares have lapsed)	211,700 shares (of which 45,295 shares have lapsed)	112,800 shares (of which 32,892 shares have lapsed)	13,100 shares (of which 4,167shares have lapsed)	20,000 shares	7,000 shares (of which 1,532 shares have lapsed)
Ratio of the number of issued shares for subscription to total number of issued shares	0.04%	0.20%	0.10%	0.01%	0.02%	0.01%
Subscription period	10 years	10 years	10 years	10 years	10 years	10 years
Exercise method	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)					
Vesting conditions for duration and ratio of new restricted employee shares	0 to 4 years; vesting conditions include: (1)Immediate vesting. (2)Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (3) 2-year vesting schedule; 1/24 of the total grant of shares will vest each month using the straight-line method. (4) 6-month vesting schedule; 1/6 of the total grant of shares will vest each month using the straight-line method.	1 to 4 years; vesting conditions include: (1)Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (2) 1-year vesting schedule; 1/12 of the total grant of shares will vest each month using the straight-line method.	0 to 4 years; vesting conditions include: (1)Immediate vesting. (2)Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.
Number of shares that have been obtained through the exercise of	2,400 shares	82,696 shares	48,908 shares	8,799 shares	-	1,968 shares

Type of employee stock warrants	2008 1st Employee Incentive Plan (amended in 2016)					
subscription rights						
Amount of the shares subscribed	USD 686.40	USD 23,651.06	USD 13,987.69	USD 5,024.23	-	USD 1,123.73 shares
Number of shares that have not been subscribed	30,000 shares	83,709 shares	31,000 shares	134 shares	20,000 shares	3,500 shares
Subscription price per share of the unsubscribed shares (Note)	USD	USD	USD	USD	USD	USD
	USD 0.286	USD 0.286	USD 0.286	USD 0.571	USD 0.286	USD 0.571
Ratio of the number of unsubscribed shares to the number of issued (%)	0.04%	0.10%	0.04%	0.00%	0.02%	0.00%
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The exercise price is the exercise price adjust by the anti-dilution terms and conditions to accommodate the capital increase proposal of the capital company resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

April 9, 2021

Type of employee stock warrants	2017 1st Employee Incentive Plan			
Effective date of application	2018/5/22	2018/5/22	2018/5/22	2018/5/22
Date of issuance	2018/7/2	2018/9/28	2018/12/11	2019/4/11
Expected life	10 years	10 years	10 years	10 years
Total number of units for issuance	215,000 shares (of which 46,250 shares have lapsed)	172,000 shares (of which 8,000 shares have lapsed)	51,000 shares (of which 8,500 shares have lapsed)	26,500 shares (of which 17,500 shares have lapsed)
Ratio of the number of issued shares for subscription to total number of issued shares	0.21%	0.20%	0.05%	0.01%
Subscription period	10 years	10 years	10 years	10 years
Exercise method	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares
Vesting conditions for duration and ratio of new restricted employee shares	Four-year vesting schedule; certificate holders are granted 50% of the stock options after two	Four-year vesting schedule; certificate holders are granted 50% of the stock options after two	Four-year vesting schedule; certificate holders are granted 50% of the stock options after two	Four-year vesting schedule; certificate holders are granted 50% of the stock options after two

Type of employee stock warrants	2017 1st Employee Incentive Plan			
	years of employment and 1/24 of the total grant of shares will vest each month thereafter.	years of employment and 1/24 of the total grant of shares will vest each month thereafter.	years of employment and 1/24 of the total grant of shares will vest each month thereafter.	years of employment and 1/24 of the total grant of shares will vest each month thereafter.
Number of shares that have been obtained through the exercise of subscription rights	40,000 shares	11,000 shares	10,000 shares	-
Amount of the shares subscribed	NT$1,512,000	NT$415,800	NT$356,000	-
Number of shares that have not been subscribed	128,750 shares	153,000 shares	32,500 shares	9,000 shares
Subscription price per share of the unsubscribed shares (Note)	NT$37.80	NT$37.80	NT$35.60	NT$41.00
Ratio of the number of unsubscribed shares to the number of issued (%)	0.16%	0.19%	0.04%	0.01%
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: In accordance with Article 4-7 of the Self-Regulatory Rules for Underwriter Member Counseling Issuers of Taiwan Securities Association, employee stock warrants issued after 2017 are price-adjusted in the event of a change in the shares of the Company's common stock. The price for stock options is adjusted in accordance with the Company's stock option regulations.

April 9, 2021

Employee stock warrants Type	2020 1st Employee Incentive Plan			
Effective date of application	2020/7/21	2020/7/21	2020/7/21	2020/7/21
Date of issuance	2020/7/21	2020/8/11	2021/1/5	2021/3/18
Expected life	10 years	10 years	10 years	10 years
Total number of units for issuance	347,360 shares (of which 53,300 shares have lapsed)	72,000 shares	25,500 shares	10,500 shares
Ratio of the number of issued shares for subscription to total number of issued shares	0.36%	0.09%	0.03%	0.01%
Subscription period	10 years	10 years	10 years	10 years
Exercise method	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares
Vesting conditions for duration and ratio of new restricted employee shares	Four-year vesting schedule; certificate holders are granted 50% of the stock	Four-year vesting schedule; certificate holders are granted 50% of the stock	Four-year vesting schedule; certificate holders are granted 50% of the stock	Four-year vesting schedule; certificate holders are granted 50% of the stock

Employee stock warrants Type	2020 1st Employee Incentive Plan			
	options after two years of employment and 1/24 of the total grant of shares will vest each month thereafter.	options after two years of employment and 1/24 of the total grant of shares will vest each month thereafter.	options after two years of employment and 1/24 of the total grant of shares will vest each month thereafter.	options after two years of employment and 1/24 of the total grant of shares will vest each month thereafter.
Number of shares that have been obtained through the exercise of subscription rights	-	-	-	-
Amount of the shares subscribed	-	-	-	-
Number of shares that have not been subscribed	294,060 shares	72,000 shares	25,500 shares	10,500 shares
Subscription price per share of the unsubscribed shares	NT$98.30	NT$101	NT$57.20	NT$49.81
Ratio of the number of unsubscribed shares to the number of issued (%)	0.36%	0.09%	0.03%	0.01%
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: In accordance with Article 4-7 of the Self-Regulatory Rules for Underwriter Member Counseling Issuers of Taiwan Securities Association, employee stock warrants issued after 2017 are price-adjusted in the event of a change in the shares of the Company's common stock. The price for stock options is adjusted in accordance with the Company's stock option regulations.

(2) Names of managerial officers having acquired employee stock warrants and names of employees ranking top ten in convertible shares:

April 9, 2021

Item	Position (Note 1)	Name	Number of acquired shares that have been subscribed	Ratio of the number of acquired shares that have been subscribed to the number of issued (%)	Subscribed				Not subscribed			
					Number of shares subscribed	Subscription price (USD) (Note 2)	Subscription amount (USD) (Note 2)	Ratio of the number of shares that have been subscribed to the number of issued (%)	Volume of shares subscribed	Subscription price (USD) (Note 2)	Subscription amount USD (Note 2)	Ratio of the number of shares that have been subscribed to the number of issued (%)
Managerial officer	President	Winston Z. Ho	1,008,300	1.23	624,291	0.036~0.286; NTD 37.80~98.30	87,877.14	0.76	357,509	0.036~0.286; NTD 37.80~98.30	717,707.42	0.44
	Vice President	Michael Aye										
	Vice President	Donald Wong										
	Associate manager	Gerald Kowalski										
	Associate manager	Gao Chen										
	Associate manager	Ruei-E Tang										
	Vice President	Liang-Kai Huang										
	Associate manager	Michael Ho										
	Vice President	You-Ning Chen										
	Associate manager	Steve Partono (Note 3)										
	Associate manager	Debra Linguist										
	Associate manager	Jia-Chi Jang (Note 4)										
	Accounting Supervisor	Rou-Tung Pan										
	Audit Manager	Tzung-Han You										
	Associate manager	Ingrid Joseph (Note 5)										
	Associate manager	Frank Mitchell (Note 6)										
	Associate manager	Tara Viviani (Note 6)										

Item	Position (Note 1)	Name	Number of acquired shares that have been subscribed	Ratio of the number of acquired shares that have been subscribed to the number of issued (%)	Subscribed				Not subscribed			
					Number of shares subscribed	Subscription price (USD) (Note 2)	Subscription amount (USD) (Note 2)	Ratio of the number of shares that have been subscribed to the number of issued (%)	Volume of shares subscribed	Subscription price (USD) (Note 2)	Subscription amount USD (Note 2)	Ratio of the number of shares that have been subscribed to the number of issued (%)
Employee	Scientist	Chung-Jen Hou	431,100	0.53	166,000	0.036~0.286; NTD 37.80~98.30	29,228.22	0.20	241,600	0.036~0.286; NTD 37.80~98.30	321,806.61	0.30
	Engineer	Peter Low										
	Engineer	Shu Huang										
	Manager	Colleen Knoth										
	Scientist	Jakob Kirchner										
	Engineer	Jie Chen										
	Engineer	Marc Macon										
	Scientist	Anh Pham										
	Engineer	Brandon Phan										
	Engineer	Joshua Stiger (Note 7)										

Note 1: Including managerial officers and employees (please indicate if they have left the job or are deceased) - their respective names and titles shall be disclosed, but their acquisition and subscriptions shall be disclosed in an aggregate manner.

Note 2: The subscription price is the subscription price adjust by the anti-dilution terms and conditions to accommodate the capital increase proposal of the capital group resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

Note 3: Managerial Officer resigned on November 14, 2020.

Note 4: Associate manager, Jia-Chi Jang resigned on April 6, 2021.

Note 5: By resolution of the Group's board of directors on August 11, 2020, the employee was promoted to managerial officer.

Note 6: By resolution of the Group's board of directors on August 11, 2020, these 2 employees were promoted to managerial officers.

Note 7: The employee has left the job on October 23, 2020.

(3) Information shall be furnished on the status of any private placement of employees incentive stock options in the most recent 3 fiscal years and as of the publication date of the annual report, disclosing the date on which the private placement was approved at a shareholders meeting and the amount thus approved; the basis for and reasonableness of the pricing; the manner in which the specified persons were selected (where the offerees have already been arranged, the names of the offerees and relationship between the offerees and the company shall also be described); the reasons why the private placement was necessary; the targets of the private placement, their qualifications, subscription amounts, relationship with the company, participation in the operations of the company, actual subscription price, the difference between the actual subscription price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital

raised through the private placement of employees incentive stock options, the implementation progress of the plan, and the realization of the benefits of the plan: None.

(4) Whether the total amount of shares subscribed, including the amount of outstanding employee stock warrants for the subscription plus the total amount of the issued restricted stock and other potentially dilutive employee remuneration instruments does not exceed 15% of the total number of shares issued at the time of applying for listing: Up to the publication date of the annual report 1,362,024 shares, accounting for 1.67% of the total number of issued shares.

6. Employees Restricted New Shares

(1) Dates of effective registration from the competent authority for all employees restricted new shares under which the vesting conditions have not been fully met; issue date; number of shares issued; number of shares still available for issuance; issue price; vesting conditions; restricted rights; custody status; measures to be taken when vesting conditions are not met; number of shares that have been redeemed or bought back; number of shares in which the restrictions on rights have been released; number of shares in which the restrictions on rights have not been released; and the ratio of the number of shares in which the restrictions on rights have not been released to the number of total issued shares and the effect on shareholders' equity:

April 9, 2021

Types of employees restricted new shares	2008 1st Employee Incentive Plan (amended in 2016)		
Effective date of application	Not applicable	Not applicable	Not applicable
Date of issuance	2010/12/5	2011/3/27	2011/8/7
Number of employees restricted new shares issued (Note)	346,500 shares	42,000 shares	10,500 shares
Issue Price	USD 0.15	USD 0.15	USD 0.15
Ratio of the number of employees restricted new shares issued to the issued shares	0.42%	0.05%	0.01%
Vesting conditions	Vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (3) 2-year vesting schedule; 1/24 of the total grant of shares will vest each month using the straight-line method. (4) 6-month vesting schedule; 1/6 of the total grant of shares will vest each month using the straight-line method.	Immediate vesting.	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.

Types of employees restricted new shares	2008 1st Employee Incentive Plan (amended in 2016)		
Restricted rights of new restricted employee shares	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.
Custody of employees restricted new shares	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency
Method for handling with employees who have not reached the vesting conditions after being allocated or subscribed for new shares	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.
Employees restricted new shares returned or bought back (Note)	91,000 shares	-	3,500 shares
Number of shares with restrictions on rights released (Note)	255,500 shares	42,000 shares	7,000 shares
Number of shares with restrictions on rights not released (Note)	-	-	-
Ratio of the number of shares with restrictions on rights not released to the total number of shares issued (%)	-	-	-
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The adjustment of increasing shares for Capital surplus transferred to capital as resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

April 9, 2021

Types of employees restricted new shares	2008 1st Employee Incentive Plan (amended in 2016)		
Effective date of application	Not applicable	Not applicable	Not applicable
Date of issuance	2012/1/21	2013/6/21	2013/11/3
Number of employees restricted new shares issued (Note)	314,300 shares	1,125,600 shares	16,800 shares
Issue Price	USD 0.15	USD 0.15	USD 0.15
Ratio of the number of employees restricted new shares issued to the issued shares	0.38%	1.38%	0.02%
Vesting conditions	Vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and	Vesting conditions include: (1) Four-year vesting schedule; 1/48 of the total grant of shares will vest each month using the straight-line method. (2) Four-year vesting schedule; certificate	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.

Types of employees restricted new shares	2008 1st Employee Incentive Plan (amended in 2016)		
	1/48 of the total grant of shares will vest each month thereafter. (3) 2-year vesting schedule; 1/24 of the total grant of shares will vest each month using the straight-line method. (4) 1-year vesting schedule; 1/12 of the total grant of shares will vest each month using the straight-line method.	holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	
Restricted rights of new restricted employee shares	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.
Custody of employees restricted new shares	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency
Method for handling with employees who have not reached the vesting conditions after being allocated or subscribed for new shares	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.
Employees restricted new shares returned or bought back (Note)	63,934 shares	1,046,719 shares	14,176 shares
Number of shares with restrictions on rights released (Note)	250,366 shares	78,881 shares	2,624 shares
Number of shares with restrictions on rights not released (Note)	-	-	-
Ratio of the number of shares with restrictions on rights not released to the total number of shares issued (%)	-	-	-
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The adjustment of increasing shares for Capital surplus transferred to capital as resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

Types of employees restricted new shares	2008 1st Stock Plan (amended in 2016)		
Effective date of application	Not applicable	Not applicable	Not applicable
Date of issuance	2014/1/14	2014/6/16	2014/9/26
Number of employees restricted new shares issued (Note)	162,400 shares	46,900 shares	46,200 shares
Issue Price	USD 0.15	USD 0.15	USD 0.40
Ratio of the number of employees restricted new shares issued to the issued shares	0.20%	0.06%	0.06%
Vesting conditions	Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Vesting conditions include: (1) Immediate vesting. (2) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter.	Vesting conditions include: (1) Four-year vesting schedule; certificate holders are granted 25% of the stock options after one year of employment and 1/48 of the total grant of shares will vest each month thereafter. (2) 1-year vesting schedule; 1/12 of the total grant of shares will vest each month using the straight-line method. (3) 3-month vesting schedule; 1/3 of the total grant of shares will vest each month using the straight-line method.
Restricted rights of new restricted employee shares	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.
Custody of employees restricted new shares	The Group does not print physical stock certificates, which are registered by the Company and the stock agency.	The Group does not print physical stock certificates, which are registered by the Company and the stock agency.	The Group does not print physical stock certificates, which are registered by the Company and the stock agency.
Method for handling with employees who have not reached the vesting conditions after being allocated or subscribed for new shares	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.
Employees restricted new shares returned or bought back (Note)	42,629 shares	919 shares	28,000 shares

Types of employees restricted new shares	2008 1st Stock Plan (amended in 2016)		
Number of shares with restrictions on rights released (Note)	119,771 shares	45,981 shares	18,200 shares
Number of shares with restrictions on rights not released (Note)	-	-	-
Ratio of the number of shares with restrictions on rights not released to the total number of shares issued (%)	-	-	-
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The adjustment of increasing shares for Capital surplus transferred to capital as resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

April 9, 2021

Types of employees restricted new shares	The plan of the first employees restricted new shares in 2017	The plan of the second employees restricted new shares in 2017	The plan of the first employees restricted new shares in 2017
Effective date of application	2018/5/22	2018/5/22	2018/5/22
Date of issuance	2018/6/1	2018/6/15	2018/12/20
Number of employees restricted new shares issued (Note)	167,000 shares	161,000 shares	20,000 shares
Issue Price	NT$0	NT$0	NT$0
Ratio of the number of employees restricted new shares issued to the issued shares	0.20%	0.20%	0.02%
Vesting conditions	Two-year vesting schedule; certificate holders are granted 50% of the stock options after one year of employment, and the remaining 50% of shares will vest after a year.	Immediately vested at the passing of GPP/BioCode MDx 3000 from the FDA.	Two-year vesting schedule; certificate holders are granted 50% of the stock options after one year of employment, and the remaining 50% of shares will vest after a year.
Restricted rights of new restricted employee shares	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.	No transfer is allowed within the vesting period. However, the voting rights and the rights to participate in dividend distribution are not restricted.
Custody of employees restricted new shares	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency	The Group does not print physical stock certificates, which are registered by the Company and the stock agency
Method for handling with employees who have not reached the vesting conditions after being allocated or subscribed for new shares	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.	Employees who leave their job during the vesting period must return the shares, but not dividends received.
Employees restricted new shares returned or bought back (Note)	7,500 shares	5,000 shares	-

Types of employees restricted new shares	The plan of the first employees restricted new shares in 2017	The plan of the second employees restricted new shares in 2017	The plan of the first employees restricted new shares in 2017
Number of shares with restrictions on rights released (Note)	159,500 shares	156,000 shares	20,000 shares
Number of shares with restrictions on rights not released (Note)	-	-	-
Ratio of the number of shares with restrictions on rights not released to the total number of shares issued (%)	-	-	-
Effect on shareholders' equity	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant	The effect on the dilution of original common shareholders is not significant

Note: The adjustment of increasing shares for Capital surplus transferred to capital as resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

(2) Names and acquisition status of managerial officers who have acquired employees restricted new shares and of employees who rank among the top ten in the number of employees restricted new shares acquired, cumulative to the date of publication of the annual report:

April 9, 2021

Item	Position (Note 1)	Name	Number of employees restricted new shares acquired (shares) (Note 2)	Ratio of the number of employees restricted new shares acquired a total number of issued shares (%)	Restrictions on rights released				Restrictions on rights not released			
					Number of shares released from restrictions (Note 2)	Issue Price (USD)	Issue Amount (USD)	Ratio of the number of shares released from restrictions to the total number of issued shares (%)	Number of shares not released from restrictions (Note 2)	Issue Price (USD)	Issue Amount (USD)	Ratio of the number of shares not released from restrictions to the total number of issued shares (%)
Managerial officer	Associate manager	Gao Chen	541,500	0.66	541,500	0.00~0.15; NTD 0	81,225	0.66	-	-	-	-
	Vice President	Michael Aye										
	Associate manager	Ruei-E Tang										
	Vice President	Donald Wong										
	President	Winston Z. Ho										
	Associate manager	Debra Linguist										
	Associate manager	Steve Partono (Note 3)										
	Associate manager	Michael Ho										
	Associate	Gerald Kowalski										

Item	Position (Note 1)	Name	Number of employees restricted new shares acquired (shares) (Note 2)	Ratio of the number of employees restricted new shares acquired a total number of issued shares (%)	Restrictions on rights released				Restrictions on rights not released			
					Number of shares released from restrictions (Note 2)	Issue Price (USD)	Issue Amount (USD)	Ratio of the number of shares released from restrictions to the total number of issued shares (%)	Number of shares not released from restrictions (Note 2)	Issue Price (USD)	Issue Amount (USD)	Ratio of the number of shares not released from restrictions to the total number of issued shares (%)
	manager											
	Vice President	Liang-Kai Huang (Note 3)										
	Associate manager	Jia-Chi Jang (Note 4)										
	Accounting Supervisor	Rou-Tung Pan										
	Vice President	You-Ning Chen										
	Associate manager	Ingrid Joseph (Note 5)										
Employee	Engineer	Shu Huang	326,300	0.40	261,900	0.00~0.15; NTD 0	39,285	0.32	-	-	-	-
	Scientist	Chung-Jen Hou										
	Manager	Collen Knoth										
	Scientist	Jakob Kirchner										
	Procurement Specialist	Amy Huynh										
	Information Specialist	Cliff Chang										
	Engineer	Joshua Stiger (Note 6)										
	Engineer	Peter Low										
	Software Engineer	Jie Chen										
	Manufacturing Assistant	Adriana Quezada										

Note 1: Including managerial officers and employees (please indicate if they have left the job or are deceased) - their respective names and titles shall be disclosed, but their acquisition and subscriptions shall be disclosed in an aggregate manner.

Note 2: The adjustment of increasing shares for Capital surplus transferred to capital as resolved at the shareholders meeting held on November 7, 2016. The base date for the capital increase of the capital reserve ex-rights is November 15, 2016.

Note 3: The employee has left the comapny on November 14, 2020.

Note 4: The employee has left the company on April 6, 2020.

Note 5: By resolution of the Group's board of directors on August 11, 2020, the employee was promoted to managerial officer.

Note 6: The employee has left the job on October 23, 2020.

7. New shares issued for merger or acquisition: None.

8. Usage of Injected Capital

Not applicable as the Group did not issue new shares for merger or acquisition or issue any corporate bonds. Also, the Group has completed the cash capital increase in 2018, 2019, and 2020, and related funds raised have been fully utilized for working capital. Related plans and their execution are analyzed as follows:

(1) Contents of Plans

1. In 2018, the Company issued 10,700,000 shares for a cash capital increase. The shares were issued at NT$38 per share for a total of NT$406,600,000. After completion, it was planned to fully fund the Company's working capital.
2. In 2019, the Company issued 9,000,000 shares for the 1st cash capital increase. The shares were issued at NT$38 per share for a total of NT$342,000,000. After completion, it was planned to fully fund the Company's working capital.
3. In 2019, the Company issued 1,280,000 shares for the 2nd cash capital increase. The shares were issued at NT$38 per share for a total of NT$48,640,000. After completion, it was planned to fully fund the Company's working capital.
4. In 2020, the Company issued 9,050 thousand common shares through cash capital increase prior to initial listing. Based on the weighted average price of NT$90.21 per share in the auction and the underwriting price of NT$48 per share, the total proceeds amounted to NT$709,409 thousand. The total fund raised has been planned to enrich the working capital after the completion.

(2) Implementation

1. Public sale of 10,700,000 shares issued through cash capital increase in 2018

(1) Progress of raised funds utilization

Unit: NT$ thousand

<table>
<tr><th>Plans</th><th colspan="3">Execution</th><th>Is the progress ahead or behind, the reason and the improvement plan</th></tr>
<tr><td rowspan="4">Enriching working capital</td><td rowspan="2">Amount</td><td>Estimated amount</td><td>406,600</td><td rowspan="8">In 2018, the Group received NT$406,600 thousand by a cash capital increase. After completion, the fund was fully utilized as working capital.</td></tr>
<tr><td>Actual amount</td><td>406,600</td></tr>
<tr><td rowspan="2">Execution progress (%)</td><td>Estimated amount</td><td>100%</td></tr>
<tr><td>Actual amount</td><td>100%</td></tr>
<tr><td rowspan="4">Total</td><td rowspan="2">Amount</td><td>Estimated amount</td><td>406,600</td></tr>
<tr><td>Actual amount</td><td>406,600</td></tr>
<tr><td rowspan="2">Execution progress (%)</td><td>Estimated amount</td><td>100%</td></tr>
<tr><td>Actual amount</td><td>100%</td></tr>
</table>

(2) Execution benefits of raised funds

Analysis item \ Year		End of June 2018	End of 2018
Financial structure	Debt ratio (%)	34.14	15.82
	Long-term fund to property, plant and equipment (%)	464.81	998.85
Solvency	Current ratio (%)	272.22	769.97
	Quick ratio (%)	193.30	648.32

Source: Compiled from the Group's financial statements audited or reviewed by CPAs.

The Group has raised NT$406,600,000, which has been used to fund working capital primarily to strengthen the financial structure and improve solvency. As the above table suggests, after the completion of the cash capital raising in October 2018, the Group's debt ratio at the end of June 2018 has decreased to 15.82% from 34.14%; long-term fund to property, plant and equipment ratio after the completion of the cash capital raising at the end of June 2017 has increased to 998.85% from 464.81%. As for solvency, the current ratio after completing the cash capital raising at the end of June 2017 has increased to 769.97% from 272.22%; quick ratio after the completion of the cash capital raising at the end of June 2017 increased to 648.32% from 193.30%. The cash capital increase has fully strengthened the Group's financial structure and solvency while also enhancing the Group capital deployment flexibility and reducing overall operating risks.

2. First public sale of 9,000,000 shares issued through cash capital increase in 2019

(1) Progress of raised funds utilization

Unit: NT$ thousand

Plans	Execution			Is the progress ahead or behind, the reason and the improvement plan
Enriching working capital	Amount	Estimated amount	342,000	The Group's first cash capital increase in 2019 raised NT$342,000 thousand, which was fully utilized to fund working capital.
		Actual amount	342,000	
	Execution progress (%)	Estimated amount	100%	
		Actual amount	100%	
Total	Amount	Estimated amount	342,000	
		Actual amount	342,000	
	Execution progress (%)	Estimated amount	100%	
		Actual amount	100%	

(2) Execution benefits of raised funds

Analysis item \ Year		End of June 2019	End of 2018
Financial structure	Debt ratio (%)	49.36	38.03
	Long-term fund to property, plant and equipment (%)	709.37	1,192.07
Solvency	Current ratio (%)	229.21	300.13
	Quick ratio (%)	178.01	262.11

Source: Compiled from the Group's financial statements audited or reviewed by CPAs.

The Group has raised NT$342,000,000, which has been used to fund working capital primarily to strengthen the financial structure and improve solvency. As the above table suggests, after the completion of the cash capital raising in September 2019, the Group's debt ratio at the end of June 2019 has decreased to 38.03% from 49.36%; long-term fund to property, plant, and equipment ratio after the completion of the cash capital raising at the end of June 2019 has increased to 1,192.07% from 709.37%. As for solvency, the current ratio after completing the cash capital raising at the end of June 2019 has increased to 300.13% from 229.21%; quick ratio after the completion of the cash capital raising at the end of June 2019 increased to 262.11% from 178.01%. The cash capital increase has fully strengthened the Group's financial structure and solvency while also enhancing the Group capital deployment flexibility and reducing overall operating risks.

3. Second public sale of 1,280,000 shares issued through cash capital increase in 2019

(1) Progress of raised funds utilization

Unit: NT$ thousand

Plans	Execution			Is the progress ahead or behind, the reason and the improvement plan
Repayment of loans	Amount	Estimated amount	48,640	The Group's second cash capital increase in 2019 raised NT$48,640 thousand, which was fully utilized to fund working capital and repay loans.
		Actual amount	48,640	
	Execution progress (%)	Estimated amount	100%	
		Actual amount	100%	
Total	Amount	Estimated amount	48,640	
		Actual amount	48,640	
	Execution progress (%)	Estimated amount	100%	
		Actual amount	100%	

(2) Execution benefits of raised funds

Lending institutions	Interest rate (%)	Agreement period	Original loan purpose	Original loan amount 2019.09	Repayment amount 2019.12	Reduced interest in December 2019	Estimated annual interest reduction (Note)
Chailease Finance Co., Ltd.	3.55	2019/02/19-2021/02/18	Enriching working capital	55,800	48,640	96	1,727
Total	-	-	-	55,800	48,640	96	1,727

Note: It is assumed that each bank loan in this table will be automatically extended at maturity.

The Group's second cash capital increase in 2019 raised NT$48,640 thousand which has been fully collected in December and repaid loans. Based on the assumption that the loan contract will be extended at maturity, the Group expects to save an annual interest expense of approximately NT$1,727,000 in the future.

4. First public offering of 9,050,000 shares issued through cash capital increase in 2020

(1) Progress of raised funds utilization

Unit: NT$ thousand

Plans	Implementation			Is the progress ahead or behind, the reason and the improvement plan
Enriching working capital	Amount	Estimated amount	709,409	The funds raised through cash capital increase has been utilized to enrich working capital, improve its financial structure and increase the flexibility to deploy capital. The benefit of the funds raised to strengthen the financial structure has been demonstrated in Q2 2020. However, as the actual amount of NT$709,409 thousand raised was NT$401,709 thousand more than the expected amount of NT$307,700 thousand, the extra amount will be used for R&D and operating expenses within the working capital funds.
		Actual amount	709,409	
	Execution progress (%)	Estimated amount	100.00	
		Actual amount	100.00	

(2) Execution benefits of raised funds

Unit: %

Item	Year	Q1 2020 (prior to the fundraising)	Q2 2020 (after the fundraising)
Solvency	Current ratio	454.95	1,325.77
	Quick ratio	392.13	1,212.40

Financial structure	Debt ratio	27.43	13.40
	Long-term fund to property, plant and equipment	622.59	1,262.83

Source: The Group's consolidated financial reports audited by CPAs for Q1 and Q2 2020.

The Group raised a total of NT$709,409 thousand through cash capital increase. The fund has been utilized to enrich working capital in the second quarter of 2020 to strengthen the financial structure and improve the Company's capital deployment flexibility to increase operational efficiency. With the injection of the funds raised through cash capital increase, the Group's current ratio and quick ratio increased by 454.95% and 392.13% to 1,325.77% and 1,212.40%, respectively; debt to assets ratio decreased to 13.40% from 27.43%; and long-term funds to property, plant and equipment ratio increased to 1,262.83% from 622.59%. Not only has the fund been used for enriching the working capital, the Group's financial structure has at the same time been strengthened, its flexibility in capital deployment increased and overall operating risks reduced, demonstrating the benefits of the funds raised through cash capital increase.

V. Operation Overview

1. Business Scope

1. Scope of business affairs

(1) Main contents of business affairs

A. Our corporation has successfully applied the digital barcode technology, commonly used in supermarkets, logistics and shopping industry, into the realm of "Digital Biotechnology." By shrinking the length and width of the barcode by about a 1,000 fold with advanced technology, we can precisely identify hundreds of analytes in a single specimen.

B. Our corporation has mass-produced Barcoded Magnetic Beads (BMB) using an innovative semiconductor silicon wafer fabrication process.

C. Instrument MDx 3000, developed by our corporation, offers a fully-automatic and high-throughput analysis product for use by major hospitals and laboratories.

Our Barcoded Magnetic Beads (BMB) technology platform is able to encode 4,096 (2^{12}) numbers and chemically bond molecular probes or antibodies/antigens from various diseases onto the BMB, allowing rapid and precise analysis of single or multiple analytes. For example, we can detect thousands of bacteria, viruses, parasites, DNA and RNA from a single specimen or any of the proteins, hormones and allergens present in the specimen.

Our BMB technology platform has been awarded multiple international patents. They cover applications from immune and nucleic acid test analysis to wider market applications like clinical diagnosis, academic research, agriculture testing, animal health testing and environmental testing. Due to its high application value, we have successfully licensed our BMB technology to various international manufacturers for use as a platform for testing diverse product development. To name a few examples, these well-known companies include: IDEXX Technologies GmbH, PerkinElmer (an NYSE-listed company), Diatherix Laboratories - a subsidiary of Eurofins Scientific Group (a Euronext N.V.-listed company), Molecular Device - a subsidiary of Danaher Group (a NYSE-listed company), Livzon Pharmaceutical Group - a subsidiary of Livzon Pharm (A shares that trade on SZSE and H shares that trade on the HKEX), Guangzhou Improve Medical Instruments (a ChiNext-listed company), Shanghai Kexin Biotech (a new OTC market-listed company), Genetic Analysis AS Norway, Imusyn Germany, ALPCO USA, Paitaike Beijing. It is expected that these international manufacturers will continue to contribute to the revenue gains of our Group, which include the sale of BMB and instruments and royalties from future product sales.

In addition to authorizing our collaborating partners in developing a diverse range of applications, in recent years the Group has also developed molecular diagnostic panels for infectious diseases, which is a rapidly growing field and is in high demand. These diverse kits include high clinical demand testing for enteritis, respiratory tracts, novel coronavirus (SARS-CoV-2), pooling tests for novel coronavirus (SARS-CoV-2), novel

coronavirus and influenza (Covid-Flu-Plus), nucleic-acid extraction free test (Cov2 Flu Plus Direct), Fungal Panel, urinary tract infection, bacterial drug-resistance, sexually transmitted diseases (gynecology) and low respiratory tracts infections. These tests are established on the fully-automatic MDx 3000 instrument system, which integrates systems like the polymerase chain reaction (PCR), molecular hybridization, automatic operation and molecular imaging and interpretation system. The Instrument MDx 3000, developed by our corporation, is one of the few products available on the global clinical diagnostic market that offers a fully-automatic and high-throughput analysis solution for use by major hospitals and laboratories. The Group is also planning to invest in the field of immune diagnosis, targeting allergen testing as our primary development objective. It will include over 400 allergen test assays and automated immune diagnosis systems.

(2) Operating proportion of primary products

Unit: NT$ thousand

Year / Primary products	2018		2019		2020	
	Net revenue	Operating proportion (%)	Net revenue	Operating proportion (%)	Net revenue	Operating proportion (%)
Barcoded Magnetic Beads (BMB)	23,653	64.09	57,444	54.87	44,755	14.97
Instrument	9,083	24.61	8,127	7.76	25,487	8.52
Reagent	-	-	33,333	31.84	210,908	70.54
Others	4,168	11.30	5,790	5.53	17,865	5.97
Total	36,904	100.00	104,694	100.00	299,015	100.00

(3) The Company's current products (services)

Our core business affairs are Barcoded Magnetic Beads (BMB) analysis technology platform and related products, which primarily include BMB, instruments, development, and sale of in-vitro diagnostic assays. Our BMB technology offers high precision and diverse test services for a single analysis, and significantly saves costs of in-vitro diagnostic assays. Instrument MDx 3000, our corporation's latest development, is characterized by fully-automatic, high throughput and diversified analysis applications, easy to operate and small footprint. Coupled with our BMB and test assays, these systems form a technology platform that will satisfy the current market needs. Following is a summary description of products developed by the Group:

Product	Introduction	Application
Barcoded Magnetic Beads (BMB)	The BMB technology contains 4,096 encoded barcodes. Each BMB allows binding to DNA, antibodies or antigens, and	A wide-ranging analysis platform provides detection of bacteria, viruses, parasites, hormones, allergens, DNA,

Product	Introduction	Application
	specific binding identification with target molecules.	RNA or proteins from a single test specimen. It can be applied to diverse disciplines such as academic research, agricultural testing, animal health testing and environmental testing.
Instrument	The instrument is used in decoding each BMB and fluorescent signal. Our corporation's Instrument systems - BioCode 1000, BioCode 2500 and MDx 3000, are characterized by high sensitivity and user-friendly analysis software operation. MDx 3000, our latest instrument, is a fully-automated multivariate test system.	Provides a test analysis platform for proteins and nucleic acids.
In-vitro diagnostic assay (panel)	Currently, the 17-Plex Gastrointestinal Pathogen Panel and 20-Plex Respiratory Infection Panel have been approved for market sale by the USFDA, and EUAs have been granted for the SARS-CoV-2 and SARS-CoV-2 Pooling Test Kits.	Provides diagnostic reference and medication guidelines.
Consumables	Assay buffers, DNA extraction reagents and detection buffers.	Provide higher quality analysis results for diagnostic tests.
Technical Service	A fixed percentage of the system pricing is collected each year for system maintenance and the analytical instrument's service charges.	Technical support and customized product services.

Our corporation’s BMB multivariate analysis technology platform has been awarded multiple patents. In addition to clinical diagnostics, it can be applied to diverse disciplines such as academic research, agricultural testing, animal health testing and environmental testing. Due to its high application values, our corporation have issued licenses to the following:

Subject	Discipline	Main field of license	Types of license
PerkinElmer Health Science Inc. (U.S.)	Infectious diseases - genotype analysis of Hepatitis B and C viruses	Asia	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
DIATHERIX Laboratories, LLC/Eurofins group (U.S.)	3rd party molecular test laboratory	Global	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Molecular Devices Inc./Danaher group (U.S.)	Proteomics research	Global	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Genetic Analysis AS (Norway)	Irritable bowel diseases (IBD), Gut microbiota analysis	Global	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and sale royalties.
Imusyn GmbH & Co. KG (Germany)	Organ transplant, human leukocyte antigen pairing (HLA Proteins)	Europe	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Improve Medical Instrumentation Co., Guangzhou Improve/Hecin Scientific. Inc (China)	Respiratory track research, cancer research	China	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Shanghai Kexin Biotech Co., Ltd. (China)	Autoimmune diseases, infectious disease test	China	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Zhuhai Livzon Diagnostics Inc. (China)	Autoimmune diseases, tumor test	China	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.

Subject	Discipline	Main field of license	Types of license
IDEXX Technologies GmbH (Switzerland)	Non-human animal testing	Global	1. Exclusive License 2. Client is responsible for consumable fees and instrument fees.
ALPCO	Gut microbiota and inflammation analysis	United States	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.
Paitaike	Development of autoimmune and cytokine biomarkers	China	1. Non-Exclusive License 2. Client is responsible for the initial royalty payment, consumables fees, instrument fees and royalties from sales.

(4) Planning of new product development (service)

Our corporation has selected assays of infectious diseases as self-developed products because infectious diseases have clear diagnostic needs and are covered by insurance subsidies. Currently, testing for major infectious diseases is subsidized by insurance in the United States. The test panels products to be developed by the Group include molecular diagnostic panels for fungi, urinary tract infection, drug resistant markers, sexually transmitted diseases (gynecology) and lower respiratory tracts. The fungi panel is expected to complete development by the second quarter of 2021. Due to the COVID-19 global pandemic, the Group is also developing various test panel products for SARS-CoV-2. After obtaining EUAs for the SARS-CoV-2 panel and Pooling Test from the USFDA, we have officially submitted the application with USFDA for the combined test panel of COVID-19 and influenza (Cov-2 Flu Plus) in December of 2020. The new panel is expected to go on sale in the market by the third quarter of 2021. Additionally, we plan to bring a Direct Test for COVID-19 that does not need extraction of nucleic acids to market in the fourth quarter of 2021. In addition, after developing products for molecular diagnostics, the Group will enter the market of immune diagnostics, and is planning the development of automated testing instruments and panel kits for immune diagnostic products in 2021. These products are expected to enter the market after 2023. The following is a brief description of the current market status.

Product	Introduction
COVID-19 and Influenza Combo Test Assay (Cov-2 Flu Plus)	For one-time testing of COVID-19, type A influenza and its subtypes (H1, H1N1 2009pdm, H3), type B influenza and respiratory syncytial virus (RSV), and to distinguish between COVID-19 and recurrent influenza.

Product	Introduction
Cov-2 Flu-Plus Direct Test	COVID-19 test assays that do not require extraction procedures, which increases testing speed and convenience.
Fungal Panel	The Fungal Panel includes test assays for lung infection, meningitis, bloodstream infection, allergy and skin infection. Fungal meningitis is most commonly caused by Cryptococcus. In the U.S., Cryptococcus infection is the 4th ranking pathogens aside from bloodstream infection. Its mortality rate is estimated between 35 and 55% and is a common type of pathogen for nosocomial infections. The Candida auris, known for its multiple drug resistance characteristic, has a mortality rate of about 30 to 60% for those infected, and is listed as one of the emergency threats by the U.S. CDC.
Urinal Track Infection	Urinary tract infection (UTI) is a common indication of community and nosocomial infection. According to the report from the National Institutes of Health, the total expenses related to the medical care of UTI is estimated to be about 3.5 billion USD. The severity of infection may be increased significantly with complications like urinary stones, insertion of urethral catheters, and patients who have undergone urinary surgery. Common pathogens that cause urinary tract infections include Escherichia coli, Citrobacter freundii, Acinetobacter baumanii, Proteus mirabilis, Enterococcus, Klebsiella, Enterobacter, Morganella, Mycoplasma and Chlamydia. This product screens these pathogens all at once and provides comprehensive and accurate diagnosis of urinary tract infections with the precision afforded by molecular diagnosis.
Bacterial Drug Resistance	Drug resistance of pathogens is considered by public health experts to be one of the major threats to the modern human society. Due to the widespread usage of anti-biotics and mutation of pathogens after multiple infections, there are more pathogens nowadays that have begun developing resistance to medication. According to a 2019 report by the U.S. CDC, about 2 million people in the U.S. were diagnosed with drug-resistant pathogens annually, resulting in about 35,000 deaths per year. Pathogen resistance that are listed as major threats include carbapenem-resistant Acinetobacter, Candida auris, Clostridium difficile, carbapenem-resistant Enterobacter, drug-resistant Campylobacter, ESBLs Enterobacter, Vancomycin-resistant Enterococcus, drug-resistant

Product	Introduction
	Salmonella, multiple drug-resistant Shigella, drug-resistant Staphylococcus aureus (MRSA), and drug-resistant mycobacteria, etc. As the drug resistance of pathogens can be determined by their special genetic fragments- the drug-resistance markers-, additional screening of bacterial drug-resistance when detecting these pathogens can be a very useful information for clinical diagnosis.
12-Plex Sexually Transmitted Disease Panel	Detection of pathogens such as chlamydia, gonorrhea, herpes simplex virus type 1, herpes simplex virus type 2, Trichomonas vaginalis, and mycoplasma. This product is one of the few comprehensive multiple screening assays for the detection of STDs.
28-Plex Low Respiratory Tract Infection Panel	The testing of the lower respiratory tract remains an unresolved issue due to its time-consuming nature and prolonged treatment period. The 28-Plex Low Respiratory Tract Infection Panel is used in multiple tuberculosis; the product is expected to achieve real-time first line testing to resolve the issue where testing could not be synchronized with treatment. Study results show that this product can be accurately used to differentiate the types of Mycobacterium tuberculosis and non-tuberculosis Mycobacterium before cultivation. The main target market is the Asia Pacific region.
120-Plex Allergy Diagnostic Panel and Automated Immunoassay System	The global market of rapid immunoassay is expected to grow from 18.725 billion U.S. dollars in 2017 to 31.885 billion in 2026, a compound annual growth rate of 8.49%. The rapid assay is suitable for preliminary or emergency medical diagnosis and use by medical institutions with limited resources. Due to its convenience and rapid testing capability, it will assist in providing timely treatment. There is currently a great demand globally on preventive management, and as the awareness for early disease detection continues to increase globally, it is expected that this segment of the market will grow significantly in the future. Diseases related to allergies include asthma, rhinitis, angioedema, urticaria, conjunctivitis and eczema. Populations suffering from these diseases are rapidly increasing due to industrial pollution and population growth. For the asthmatic population alone, the World Health Organization forecasts that the global asthmatic population will growth to 400 million people by the year 2025. Allergies result in an increase of direct medical costs

Product	Introduction
	and decrease of social behavioral efficiency; the decrease in work efficiency will result in health burdens for all. Treating these kinds of diseases requires effective testing tools of allergens.

2. Industry Status

(1) Industry Status and Development

Our corporation provides an automated multivariate detection platform, research and development of platform applications, and development and sales of infectious disease test assays. Our technology platform aims to provide accurate real-time diagnosis and precision treatment to greatly improve the efficiency of medical analysis and reduce the costs of treatment and risks of patients. The following is an analysis on the global markets for in-vitro diagnostic products, immune diagnosis, molecular diagnosis and infectious disease detection:

A. Status of Global In-Vitro Diagnostic Product Market

In-Vitro diagnostics, also known as IVD, are assay kits or medical instruments (like instrument system) that are used in the collection, preparation and analysis of specimens collected from the human body, which are used for disease diagnosis and other purposes (including the determination of health status). In-vitro diagnostics assays refer to any assays, calibration substances or control substances described previously. IVD is classified based on the diagnostic basics and methods used and is mainly classified as hematology diagnosis, biochemical diagnosis, urinary diagnosis, immune diagnosis, microbial diagnosis and molecular diagnosis.

According to an analysis report by the Research and Markets in 2020 (Global In Vitro Diagnostics Market, 2020/08/06), the IVD market will maintain a compound annual growth rate of about 5.28% from 2020 to 2030, and it is expected to reach US$113.86 billion by 2030. The prevalence of chronic diseases and infectious diseases and the growth of testing platforms are the main driving forces for this market. In the overall market analysis, the North American market maintains its lead, with a market share of approximately 37.6% of the global diagnostics market. Europe accounts for approximately 28.5% of the market; IVD has been rapidly promoted in emerging markets such as China and India in recent years. The Asian medical diagnosis market is booming; the market of the Asia Pacific region is expected to grow at a compound annual growth rate of 6.10% from 2020 to 2030. The population of Asia is now over 4 billion, approaching 60% of the global population, of which the market in Mainland China occupies more than 50%. In addition to supporting the development of the primary healthcare system, the healthcare reform policy of Mainland China is also gradually shifting from conventional treatment-based healthcare toward preventive medicine and personalized diagnosis.

B. Status of Global Immune Diagnosis Market

Based on the analysis by Marketers Media published on September 8, 2020, the global market of rapid immunoassays is expected to grow from 18.725 billion U.S. dollars in 2017 to 31.885 billion in 2026, a compound annual growth rate of 8.49%. The revenue of the immunoassay market is mainly based on immune technology, products and service applications. Based on the aforementioned product types and service applications, kits and reagents of immune assays occupied a significant market portion. As the population continues to age and chronic diseases become more prevalent, it is expected that demand for immune assay kits and analytical technology will continue to push the market to grow. Household assay and kits for a wide range of tests will be the future development trends of the market.

A report by Markets and Markets indicated that diagnosis of allergens is the key step for effective treatment. The diagnosis of allergens can identify specific factors inducing individual immune responses, and is a process required for drug development, manufacturing and treatment. The global market of allergen diagnostics is expected to grow from 3.49 billion U.S. dollars in 2017 to 5.74 billion in 2022, a compound annual growth rate of 10.5%. Presumably the main reason for the growth in such market is the high disease incidence rate of allergic diseases and the enormous accompanying financial burden, exacerbation of environmental pollution, increase in healthcare expenses and utilization of medical insurance. The market of allergen diagnostics can be divided according to products and services into test assays, instruments, and services. In the future, it is expected that the market for allergen test assays will grow at a tremendous speed, and the widespread usage and consumption of allergen test assays will continue to promote the growth of this field in the near future.

Diseases related to allergy include asthma, rhinitis, angioedema, urticaria, conjunctivitis and eczema. Populations suffering from these diseases are rapidly increasing due to industrial pollution and population growth. For the asthmatic population alone, the World Health Organization forecasts that the global asthmatic population will growth to 400 million people by the year 2025. Allergies result in an increase of direct medical costs and decrease of social behavioral efficiency; the decrease in work efficiency will result in health burdens for all. Treating these kinds of diseases requires effective testing tools of allergens. Market surveys have shown that the development niche of allergen diagnostic products lie in the increase in turn around time and laboratory automation.

In the overall analysis, the North American market remains the leading segment, followed closely by the European, Asian and other markets. Major international manufacturers of immune assays are based in North America and Europe, such as Switzerland’s Roche Diagnostics, Germany’s Siemens Healthcare, Abbott Laboratories, Beckman Coulter and Ortho Clinical Diagnostics from the United States and France’s bioMérieux. However, the population growth and rising awareness of

health in Asia are expected to create more demands for the diagnostic market, representing a potentially significant business opportunity.

C. Status of Global Molecular Diagnosis Market

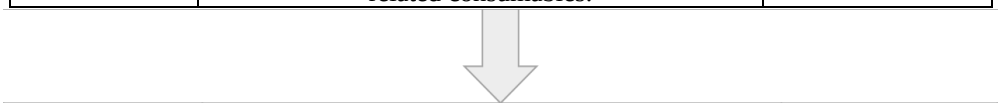
According to the analysis report by Mordor Intelligence (Molecular Diagnostics Market, Feb 2019), the global scale of the molecular diagnostics market (MDX) in 2018 was US$7.8 billion, and the annual growth rate is expected to become 9.23% by 2024. According to the report, molecular or nuclei acid diagnosis of human diseases are now a proven, viable medical technology for diagnosis, treatment, prevention and monitoring treatment progress. MDX combines professional knowledge and technology acquired through years of diagnostic medical research and molecular genetics. Innovation in the field of molecular biology has also lead to revolutionary breakthroughs in the past few decades. Depending on the fields of applications, MDX can be categorized as infectious disease diagnosis, tumor gene mutation analysis, blood screening, microbial identification and other applications (e.g. diagnosis for cardiovascular diseases, neurological diseases, DNA fingerprinting profile, tissue classification and foodborne pathogen analysis). The convenience of molecular diagnostic allows it to occupy a significant portion of the diagnostic market for infectious diseases.

D. Analysis of Infectious disease diagnostic market

According to Markets and Markets (Report code: MD 3088 , Oct. 2019), the global infectious disease diagnostic market has reached a scale of US$13.93 billion in 2016. It is estimated that the market will grow at an annual compound growth rate of 5.6% to US$19.35 billion by the year 2022. Conventional diagnostic technology that immune diagnosis is the major part of the infectious disease market. The fastest-growing technology will be molecular diagnostic technology like nucleic acid amplification technology. Based on the applications, the infectious disease diagnostic market can be categorized as gastrointestinal tract (GPP), influenza and upper respiratory track (RPP), pneumonia, Hepatitis B, Hepatitis C, sexually transmitted disease (STD), tuberculosis (TB), Chlamydia trachomatis and Neisseria gonorrhoeae (CT/NG), Methicillin (MRSA) and others (influenza, Ebola, Typhoid fever, Malaria and Dengue fever). The growth in this category is due to the growing prevalence of infectious diseases in recent years.

(2) Correlation between the upstream, midstream and downstream industries

Industry correlation	Related stakeholders	Function
Upstream	Material supply: Proteins, antibodies, antigens, DNA, reaction assays, instrument components, test carriers and related consumables.	Provides basic materials



Industry correlation	Related stakeholders	Function
Midstream	Product development personnel, product manufacturing personnel: Test assays, instrument and equipment, design of test platform and analyzer, manufacturing and retail sale	Provides products and services

Industry correlation	Related stakeholders	Function
Downstream	Customers: University medical centers, community hospitals, government health-related organizations, regional hospital laboratories and 3rd party reference laboratories.	Collect specimens from patients, perform tests and generate reports.

Manufacturers of in-vitro diagnostics assays rely on existing technologies to develop in-vitro diagnostic assays and test instruments. The upstream industries of this field are suppliers of proteins, antibodies, antigens, DNA, reaction assays, instrument components and related consumables; the midstream industries are the designers, sellers and manufacturers of test assay kits, instruments, testing platform and analyzers. The midstream industry can also be retailers who distribute products to the end customers; the downstream customers include university medical centers, community hospitals, government health organizations, regional hospital laboratories and 3rd party reference laboratories.

Our corporation's core business affairs are development, manufacture and sale of BMB, test instruments, fully-automated molecular multivariate diagnostic system, diagnostic platform, and assays. Therefore, our corporation is positioned as the midstream industry within this industry chain, and the downstream industries are our target customers.

(3) Development trends of various products

In general, in-vitro diagnostics are testing specimens collected from the human body, such as urine, blood, tissue, stool and cells, and used as a basis for disease diagnosis and verification of physiological conditions. The following is a brief description of the various development trends of in-vitro diagnostic products:

A. Biochemical diagnosis-immune diagnosis-advancement of molecular diagnosis

A biochemical diagnosis like the diagnosis of triglyceride, blood glucose and metallic elements (sodium ions, potassium ions and magnesium ions) are some of the earliest types of in-vitro diagnostics, with more than 50 years of development culminating in a mature market. The diagnostic technology has since extended to immune diagnosis by protein detection. The compound annual growth rate of the immune diagnostic market is about 8.49% and has more than 30 years of development

and application history. In the recent decade, the flourishing of genomic molecular biology has resulted in the in-vitro diagnostic market's growth based on molecular genetics and molecular biotechnology. It is estimated that the molecular diagnostic market is rapidly growing at a rate of 9.23% compound annual growth rate and is currently the main development axis of in-vitro diagnostics.

B. Full automation

Early test platform requires manual operation and is labor-intensive, requiring technical operators with high technical proficiency and experience to effectively carry out the testing procedures. However, such highly technical proficient talents are costly to train and hard to recruit. The quality of manual operation also varies from person to person and is prone to testing errors. Thus, the tests take time and the labor-cost is intensive, often requiring prolonged testing time to verify the results.

Recently, the rising health consciousness and increasing aging population have resulted in a significant increase in specimen collection by clinical and medical laboratories. Therefore, a testing platform capable of full-automation and high-throughput testing is in urgent demand by the market and has since become a development trend; in addition, a fully automated testing platform can provide immediate, consistent and accurate test results. This excellent feature allows clinicians to arrange personalized treatment quickly and can maintain and improve the quality of medical diagnosis for customers with large-scale testing needs.

C. Multivariate testing

We have integrated molecular diagnostic technology, automated analysis technology and multiple testing platforms into a single system. It is intended to provide technology and products for markets that have not yet been satisfied and address future medical market trends.

Traditionally, a single test means that only one test can be performed from a single specimen. Because specimens are difficult to obtain, the traditional single test is less effective, giving rise to the revolutionary advancement in multivariate and all-in-one testing technology. The benefits of multivariate testing are not only limited to technological breakthroughs. They can be beneficial for instrument users and patients as well:

(A) Clinician: able to detect the pathogenic causes of the patient early (identify whether it’s a single pathogen or shared latent infection) for better and faster patient management.

(B) Laboratory: improves laboratory efficiency, no longer requires multiple platforms for multiple tests, can effectively save on personnel costs and lower the assay costs from testing.

(C) Hospital: reduce patient isolation period, increases management efficiency and quality of the patient-doctor relationship, which lead to decreased waiting time for result report and lower operational costs of the hospital.

(D) Patient: allow for optimized therapy regimen, decreases waiting time for follow-up report and the frequency of testing at the hospital.

(4) Competition

A. Analysis of competition of multivariate testing technology

(A) Real-time polymerase chain reaction (Real-time PCR)

Real-time PCR is a testing technology that detects the amplification of nucleic acids in the PCR cycle. The strength of the emitted fluorescent signals reflects the concentrations of the nucleic acids. Its limitation is the number of test items in a single test. The Real-Time PCR used in multivariate testing is based on detecting different fluorescent signals to achieve multiple testing objectives. Based on the limitation of current types of fluorescent signals, the multivariate testing capability of real-time PCR can only detect 2~3 target compounds simultaneously. A well-known manufacturer of medical diagnostic equipment is the Cepheid of United States (recently acquired by the Danaher Corporation).

(B) Microarray

Biological chips (microarray technology) technology has been developing for nearly 20 years. A carrier vehicle is spotted with over 10 million of microscopic spots, allowing simultaneous detection/testing of multiple types of biomarkers. Its limitation is its precision. Microarray technology has been successfully applied in biological science to search for new biomarkers. However, its technical weakness is the difficulty to maintain consistency between each spot, the high degree of variance and lack of precision, which is an essential requirement for clinical diagnosis. Its lack of flexibility, high price and lower stability (the produced batches of signals are inconsistent) hampers its market demand for in-vitro medical diagnosis. Affymetrix of the U.S. is one of the well-known companies for this detection technology (recently acquired by the Thermo Fisher Corporation).

(C) Sequencing technology

Sequencing technology is the process of determining the sequence of nucleic acids. It is now widely implemented in scientific research, such as mapping the whole genome of humans and the detection of gene mutations in cancer patients. It can also be used in the investigation of unknown genes and biomarkers. However, single-sequencing is no longer significant once the genome has been decoded. Although it is a revolutionary technology in the field of genomic study, its time-consuming and costly nature makes it less suitable for the medical diagnostic market's routine demands.

(D) Barcoded Magnetic Beads (BMB) assays

Besides our corporation, Luminex of the United States is the other company that develops a barcode-based assay test platform. The Luminex bead based assay uses the ratio of 2~3 types of fluorescent dye as a method of identification; and the "analog" type can be identified up to 300~500 barcodes at the same time. Our corporation's technology involves "digital" encoding of the barcodes and allows clear and stable identification of 4,096 test labels, with far more detectable target quantifies and higher precision. In addition, the Luminex analyzer's microfluidic channels are complicated to maintain, easily blocked and increases the maintenance risks of the test organization, which in turn induces extra costs on maintenance management.

		Luminex Bead	ABC-BMB
Barcoded Magnetic Beads (BMB)	Encoding method	**Analog** Mix 2-3 types of fluorescent dye beads and based on the intensity of the emitted fluorescence.	**Digital** Barcoded Magnetic Beads (BMB), high contrast barcode (0:1) for precise identification
	Multiple tests	50, 100 (2 fluorescent dyes) **<500** (fluorescent dyes)	**4,096**
	Production	Emulsion solution, unstable barcode Light-sensitive/requires protective covering, interferes with fluorescent labels	Semiconductor photoetching Permanent barcode with high stability Low-cost batch production and easy to scale production
System/operation	Maintenance	Difficult: Blockage of microfluidic channels, residual beads, require washing and cleaning after loading specimens, labor intensive	Easy: Direct optical imaging of microplate, no microfluidic channels
Automation	Convenient to use	No: Complex procedures/labor intensive/potential contamination	Yes: Easy to create workflow/integrated PCR, hybridization and testing/avoids contamination

Source: compiled by our group

B. Market competition analysis

The seven major IVD manufacturers in the world are Roche, Abbott, Siemens, Hologic, Danaher/Cepheid, Qiagen and BioMerieux. These manufacturers have high market shares in medical diagnostic assays but lack innovative technology, especially in multivariate testing. Multivariate testing is the mainstream trend of the current market. Global manufacturers that lack this type of technology risk losing in the future's highly competitive diagnostic market. As such, these manufacturers are catching up by acquiring companies with multiple diagnostic technologies. For

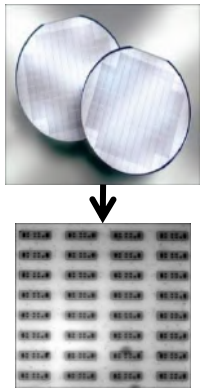
example, BioMerieux acquired Biofire in 2014 and the procurement of Cepheid by Danaher in 2016 (up to 4 tests). Roche acquired GenMark and DiaSorin acquired Luminex in 2021. This illustrates the emphasis of global major pharmaceutical companies on multivariate testing. Presently, except for Luminex and BioMerieux, none of the seven major manufacturers have technology platforms and products for multivariate detection (more than 4 labels).

3. Technology and Research & Development Status

(1) Technology level and R&D of business affairs

The development of multivariate in-vitro diagnostics assays and instruments' technology platform with barcoded Magnetic Beads (BMB) are the main operating axes of our corporation. Looking at the diagnostic assay products available on the market, most technology platforms are similar to the existing single test platform. It is impossible to obtain multiple and accurate diagnostic results in a single test. Our corporation uses semiconductor-based manufacturing technology to produce millions of test carriers encoded to obtain multiple and accurate test results in a single test pass. Here we describe the technology level and R&D status of our corporation’s main product lines:

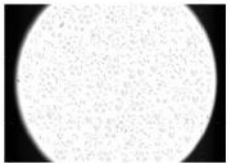
A. Barcoded Magnetic Beads (BMB)



- Digital barcodes (used in supermarket and logistics) shrink to 1,000 times and imprinted onto magnetic beads

Dimension: 1 x 0.5 inch
Raw material: paper

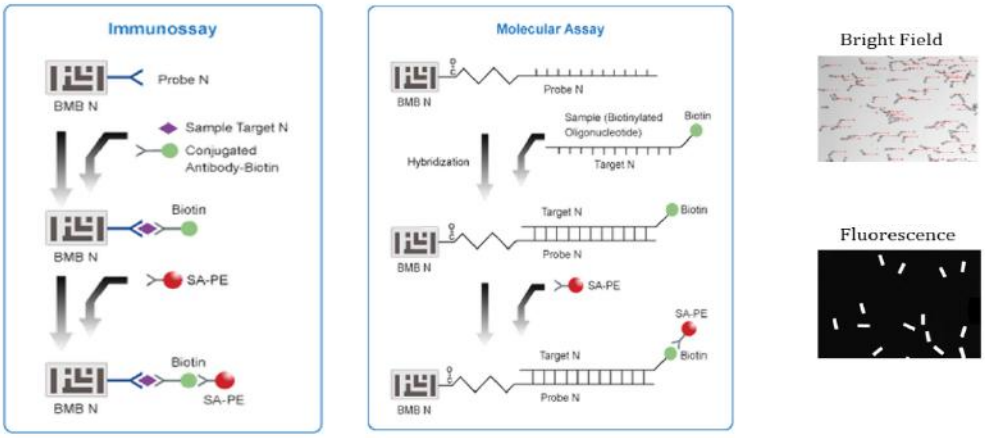
Each microparticle (plate) has its own unique barcode



Dimension: 70 x 35 microns (thickness 5 microns)
Raw material: bio-polymer
(Temperature, pressure, pH, chemical and biochemical stability/compatibility)

Barcodes on the magnetic beads identify specific probes, which are shrunk to 1000 fold of the length and width.

Stable BMB optical scanning: fluorescence signals indicate quantitative/qualitative



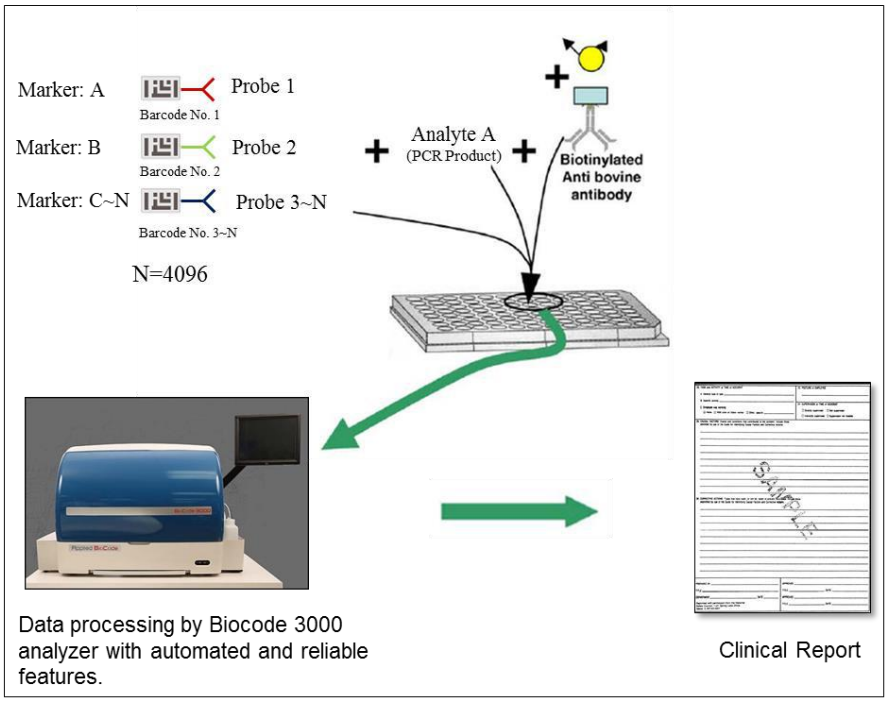
Source: compiled by our group

BMB is the shrinkage and etching of digital barcodes onto silicon wafers using a semiconductor manufacturing process and applying diagnostic assays. Its unique encoding method allows more than 4,000 codes to be encoded. At present, the encoding method can identify up to 12 bars on a barcode, which culminates in a combination of 4,096 (2^{12}) combinations of different digital barcodes. The molecular probes or antibody/antigen combinations of different diseases can be chemically bonded to the BMB on organic polymer (as shown in the figure above). The probes react with the specimen to emit fluorescent signals, which the system interprets to identify the barcode with a fluorescent signal, achieving hundreds of label readings in a single test for multivariate diagnosis.

B.Instrument

The instrument developed by our corporation includes high and low power LEDs, microscope lenses, imaging cameras, scanning systems and analysis software to provide micro-level BMB reading and calculation of fluorescent signal intensity. The current instrument product lines include Biocode 1000, Biocode 2500 and MDx 3000. Biocode 2500 is a 2nd generation product. Compared to Biocode 1000, it has the advantages of smaller size, faster analysis speed and lower costs. Multivariate testing can produce large amounts of test results quickly; for example, only 30 seconds is needed to perform 20 multivariate tests, which give 20 test results. This means that the system can produce about 2,000 test results in just 30 minutes (20 x 96-well microplates = 1,920 tests). In addition, Biocode 2500 can be integrated with an automation system to achieve fully-automated operation.

Schematic for multivariate testing of microcarriers



Source: compiled by our group

The MDx 3000 system is a fully automated multivariate testing system, which is very easy to operate. This system integrates molecular analysis steps such as PCR amplification, cross-linking, washing and automatic interpretation. It can perform multivariate tests, including intestinal pathogen typing and identification, infectious bacteria of the respiratory tracts, sexually transmitted diseases, and tuberculosis/non-tuberculous mycobacteria typing and identification, etc.

C. In-vitro diagnostics assays (multivariate panels)

Technology that can accurately determine the source of infection at the early onset of diseases. Combined with our group's BMB platform, this technology can fulfill the needs for one-time detection of multiple targets, high-throughput and precision diagnosis, and can optimize the testing processes in major hospitals and third

party laboratories, allowing rapid provision of large amounts of infection source diagnosis information. The panel items that have been commercialized by our group include diarrhea, respiratory track infection, and Covid-19, which are some of the largest markets in the diagnosis of infectious diseases. We are also continuous developing and bringing newer test panels with higher technological threshold to the market, which include the Cov-2 Flu Plus (Covid-19 and influenza panel), Cov-2 Flu Plus Direct (nucleic acid-free panel), Fungal Panel, Urinary Tract Infection, Bacterial Drug Resistances, sexually-transmitted diseases (gynecology) panel, Low Respiratory Tract Infection Panel, etc. Additionally, our Group has also delved into the field of multiplex immune diagnostic panels, and plan to use our exclusive BMB technology platform to develop Allergy Diagnostic Panel and Automated Immunoassay System. The market of immunoassay is much more mature than molecular diagnostics, however it lacks novel products capable of multiple testing. We expect that our experience in the development of multiplex diagnostics and automated instrument will revolutionize the technology of multiplex immunoassay.

(2) Research Personnel and Education Background/Professional Experience

A. The main education background distributions of the research and development personnel in our group are as follow:

Year / Education	End of 2018		End of 2019		End of 2020		End of March 2021	
	Number of personnel	Ratio (%)	Number of personnel	Ratio (%)	Number of personnel	Ratio (%)	Number of personnel	Ratio (%)
Ph.D. Degree	8	34.78	8	34.78	7	31.82	7	30.43
Masters Degree	4	17.39	5	21.74	4	18.18	5	21.74
University and College Degree	10	43.48	9	39.13	10	45.45	10	43.48
Others	1	4.35	1	4.35	1	4.55	1	4. 35
Total	23	100.00	23	100.00	22	100.00	23	100.00

B. The education backgrounds and professional experiences of the research and development personnel in our group are as follows:

Name	Position	Highest education/Years of Professional Experience	Expertise	Main education backgrounds and experience
Winston Z. Ho	President and Founder/Chief Technology Officer	Ph.D./ 30 years	Optoelectronics, biochemistry, physical chemistry	Bachelor of Chemistry, National Chung Hsing University Ph.D. of Physical chemistry and Master of Biochemistry, Arizona State University, U.S.

Name	Position	Highest education/Years of Professional Experience	Expertise	Main education backgrounds and experience
				Post-doctoral researcher, Columbia University, New York, U.S. - high-speed optics Maxwell Sensors, Inc. Founder / CEO Director of smart optical system and sensor Director, Biomedical Sciences, Physical Optics Corp. US-NIH Grant review committee Researcher, optical center of University of Arizona, U.S. - non-linear optics 52 publications and 15 authorized patents
Michael Aye	Product R&D Division Vice-Chairman	Ph.D./ 16 years	Microbiology, molecular diagnostics, infectious disease, diagnostic assays	Ph.D. in Microbiology, University of California, Irvine Vice-Chairman of Molecular Products Director of Molecular Analysis, Focus Diagnostics Extensive experience in the development of molecular diagnostics and analysis; developed and launched over 40 products approved by ASR and 4 products approved by 510(k) of the FDA.
Collen Knoth	Product R&D Division Manager	Ph.D./ 10 years	Microbiology, biochemistry, infectious disease, molecular genetic diagnostics	Ph.D., University of California, Riverside Senior Scientist, Focus Diagnostics Scientist, Johnson & Johnson Company
Gerald Kowalski	Product R&D Division Associate manager	Bachelor's Degree/ 30 years	Software engineering, team building and all stages of software items	Bachelor in Technology in Electronic Instrumentation Engineering, Michigan Technological University Software team leader, BECKMAN COULTER INC. Senior Software Engineer, BAXTER International Inc.
Jung-Ren Hou	Senior Scientist	Ph.D./ 24 years	Polymer chemistry, organic	Bachelor and Master's Degree in Chemistry, National Taiwan University

Name	Position	Highest education/Years of Professional Experience	Expertise	Main education backgrounds and experience
			chemistry, surface chemistry	Ph.D., New York Institute of Technology Post-doctoral researcher, The City University of New York
Jakob Kirchner	Senior Scientist	Ph.D./ 27 years	Microbiology, biochemistry, infectious disease, molecular diagnostics	Ph.D., Rutgers University Research Scientist, Luminex Corp. Assistant Professor, Texas State University National Institute of Environmental Health Sciences
Gao Chen	Product R&D Division Associate manager	Ph.D./ 26 years	Immune testing, oncology, biochemistry, bio-engineering, molecular biology	Ph.D., Gembloux Agro-Bio Tech, Belgium Bachelor's degree, Gembloux Agro-Bio, Belgium
Anh Pham	Senior Scientist	Ph.D./ 18 years	Microbiology, biochemistry, infectious disease	Ph.D., Walden University Bachelor's degree, UCLA Research scientist, Quest Diagnostics Molecular Diagnostics, Focus Diagnostics
Sheema Mir (Note)	Senior Scientist	Ph.D./ 12 years	Microbiology, biochemistry, infectious disease, allergy	ViracorIBT Labs, Lecturer, Kansas Medical Center University of New Mexico Comprehensive Cancer Center AMU, Aligarh, India

Note: The employee has left the job on 1 May, 2020.

(3) Annual budget devoted to research and development for the past 5 years

Unit: NT$ thousand; %

Item \ Year	2016 (Note)	2017	2018	2019	2020
R&D expenses	189,277	204,544	195,709	216,973	197,005
Total operating income	14,074	26,756	36,904	104,694	299,015
Percentage of R&D expenses Percentage of operating income	1,344.87	764.48	530.32	207.24	65.88

Source: consolidated financial statement/pro forma consolidated financial statement of our group, after audited by accountants.

Note: our group was founded on April 15, 2016. In order for our financial information to

be consistent and comparable, the data for the year 2016 are sourced from the pro forma consolidated financial statement that has been audited by accountants.

(4) Successfully developed technology or products

A. Barcoded Magnetic Beads (BMB)

Our corporation has successfully developed and commercialized Barcoded Magnetic Beads (BMB). Based on the time of development, the products include 32 Plex (5-digit, (2^5)), 128 Plex (7-digit, (2^7)), and 4,096 Plex (12-digit, (2^{12})) of BMBs. While the dimension of the products in this series are largely identical, the encoding mode of the BMB has been changed from 1-dimensional encoding to 2-dimensional encoding. This unique encoding method allows 4,096 barcodes or simultaneous detection of 4,096 targets. The 4,096 barcodes are sufficient for use in clinical diagnostic applications of immune or molecular detection.

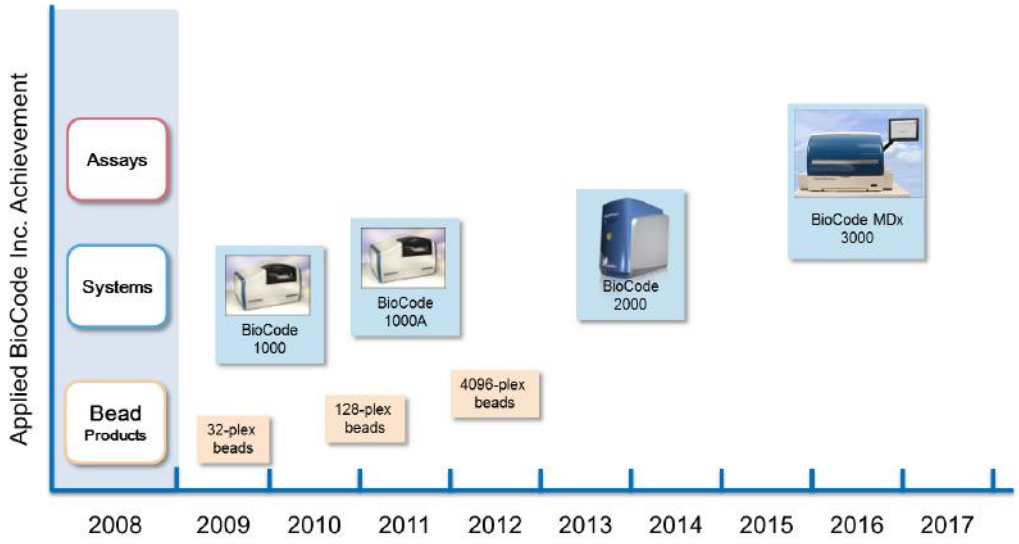
B.Instrument

Our corporation has successfully developed and commercialized automated analyzers, which include the Biocode 1000 and 2500. The products in this series can automatically read BMBs, analyze fluorescence signals, and use them as the basis of quantification/qualification interpretation. The instruments include light sources, scanners, optical filters and optical detectors. The 2500 (II) is a smaller analyzer that uses LED as a high-power light source, which saves on costs and can be integrated with a mechanical fluid system.

C. Automatic Analyzer

MDx 3000 is a user-friendly automated system that integrates fluid processing and optical detection systems into a single unit. The user places the 96-well PCR plate into the system, which will then automatically carry out all operations and produce a final test results report. The MDx 3000 system is a fully automated multivariate testing system, which is very easy to operate. This system integrates molecular analysis steps such as PCR amplification, cross-linking, washing and automatic interpretation. It can perform multivariate tests, including intestinal pathogen typing and identification, infectious bacteria of the respiratory tracts, sexually transmitted diseases, and tuberculosis/non-tuberculous mycobacteria typing and identification, etc.

Development progress of instrument



Source: compiled by our group

D. In-vitro diagnostics assays (multivariate panels)

On September 29, 2018, our Group successfully obtained the USFDA's approval for market listing, in accordance with the 510(k) regulation of medical devices. We also obtained market approval for respiratory test panel panels from the USFDA on December 24, 2019. We obtained the EUA for COVID-19 issued by the USFDA on June 16, 2020, as well as the EUA for the COVID-19 pooling test on December 8, 2020. These panels work in conjunction with the fully automated multivariate testing system MDx 3000. In summary, the Group already possesses practical sales and commercialization results for using gastrointestinal, respiratory pathways and COVID-19 viral test panels in conjunction with the fully automated multivariate testing system MDx 3000.

4. Short and Long-term business development plans

(1) Short-term business development plans

A. Complete the development of the Fungal Panel by 2nd quarter of 2021

B. In anticipation of the COVID-19 viral pandemic to become influenza-like, we are targeting the 3rd quarter of 2021 to commercialize the Cov-2 Flu Plus panel (COVID-19 and influenza) and the commercialization of Direct Test for nucleic acid extraction-free COVID-19 viral panel by the 4th quarter of 2021.

C. Accelerate the product commercialization process to improve sales and promotion activities and expand international sales channels.

D. Improve collaborative ties with licensed organizations and accelerate the development cycles.

(2) Long-term business development plans

A. Continue on the research and development of in-vitro assays for infectious diseases and become a leader in infectious disease diagnosis in major hospitals and medical laboratories in the world.

B. Expand to other test assays such as cancer, genetic mutations, allergy, cytokines, and agricultural genes improvement.

C. Increase licensing to collaborative organizations of different applications and regions.

D. Develop automated immune diagnostic analyzer and real-time analyzer (Point of Care Testing, POCT) and expand application markets.

2. Industry, Supply and Sales Overview

1. Market Analysis

(1) Main Locations of Product Sales and Service Provisions

Unit: NT$ thousand; %

Year / Location		2018		2019		2020	
		Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales		25,532	69.18	78,528	75.01	276,057	92.32
International sales	Europe	569	1.54	189	0.18	157	0.05
	Asia	12,971	35.15	25,977	24.81	22,801	7.63
	Others	(2,168)	(5.87)	-	-	-	-
	Total	11,372	30.82	26,166	24.99	22,958	7.68
Total		36,904	100.00	104,694	100.00	299,015	100.00

Note: domestic sales refers to sales in the United States.

Our corporation's revenue sources are mainly from BMBs, instruments, in-vitro diagnostics assays, licensing and sales of parts and components. Major markets of sales include United States, Europe and Asia.

According to our corporation's business development plans, we will focus on assay sales and we will initially focus on the North American markets. As of the printing and publication of this annual report, our Group already possesses the practical commercialization results of 17-Plex Gastrointestinal Pathogen Panel, Automated multiplex screening system MDx3000, 20-Plex Respiratory Infection Panel and Covid-19 test panels in larger American hospitals and third party laboratories.

(2) Market shares

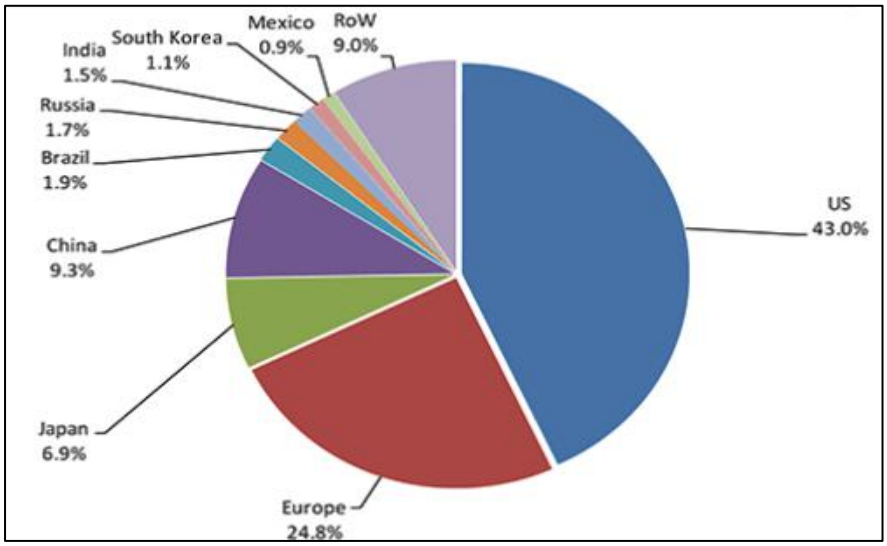
Before 2019, the main sources of revenue for the Group were income generated from technology licensing and sales of BMBs, instruments and components to technology licensees. Since having obtained approval from the USFDA for in-vitro diagnostics assays for enteritis, respiratory and coronavirus in conjunction with the fully-automated analyzer MDx 3000 for sale or authorization for emergency use in September 2018, December 2019, and June 2020, respectively, our revenues have included income from in-vitro diagnostics assays sales since 2019. Generally speaking, most of the

products are currently in the process of commercialization. Therefore, we could not analyze the relevant market shares of this annual report's publication and printing date.

(3) Future market supply and demand status and opportunities of growth

According to the research report published by Visiongain, the global molecular diagnostic market in 2019 is expected to top 10.4 billion $ U.S. Dollars. With the global aging trend and increasing prevalence of chronic diseases, it is expected that the molecular diagnostic market will continue to grow before 2025; Visiongain also predicted that the North American market will occupy the majority of the shares.

Prediction of Molecular Diagnostic Market in 2019 (by regions)



Source: Visiongain

The multivariate automated molecular diagnostic system provided by our corporation is easy to use, fully-automated, high-throughput, and allows highly varied testings in a small product footprint, which will satisfy the current market needs. In the current molecular diagnostic market, many diversified but low-throughput systems are targeted toward smaller hospitals and clinics; however, as the demand for specimen testing is high in larger hospitals and medical laboratories, products with high-throughput testings are usually favored such as conventional diagnostic instruments from manufacturers like Roche. Although these conventional diagnostic instruments are high-throughput, they could not conduct multiple tests in a single pass and requires more time, money, and manual labors to provide patients with diagnostic reference and medication guidelines. For clinicians, it is expected that the demand for multiple and high-throughput testing will continue to grow.

Our corporation has selected assays of infectious diseases as self-developed products because infectious diseases have clear diagnostic needs and are covered by insurance subsidies. In the U.S. market, testing for major infectious diseases is usually covered by insurance. Other than the marketed gastrointestinal pathogen panels and COVID-19 panels, our Group is currently developing or planning the development of

other test panel products, including coronavirus diseases, fungi, urinary tract infection, bacterial drug-resistance, sexually-transmitted diseases (gynecology) and lower respiratory tracts. The market status is briefly described below:

A. 17-Plex Gastrointestinal Pathogen Panel

Enteritis is a serious global infectious disease. According to a report from the U.S. Centers for Disease Control and Prevention (CDC-Global Diarrhea Burden), 1 out of 9 children deaths worldwide is due to diarrheal disease. Diarrhea is the second leading cause of death for children under 5 years of age. It is estimated that there are 2 billion diarrhea cases every year, resulting in about 1.8 million deaths. Diarrhea cases are the second leading cause of death and the leading cause of malnutrition in children under five. Because the diarrhea symptoms are very similar, doctors often cannot distinguish whether the diarrhea is caused by viruses, bacteria or parasites, which makes treatment difficult, therefore necessitating immediate detection of pathogenic sources to act as a diagnostic basis. Luminex is the current market leader. Concerning the market demands, our corporation has developed a more precise and efficient multivariate detection system, which reduces manual labor costs and specimen contamination issues.

B. 20-Plex Respiratory Infection Panel

Our corporation's 20-Plex Respiratory Infection Panel allows rapid identification and phenotyping of clinically common bacteria and viruses. It can determine respiratory infection as early as possible, which helps to lower the costs of treatment. If respiratory diseases are not monitored immediately and effectively, they can often cause large-scale infections, leading to issues like deaths and potential drug abuse. Respiratory pathogens, especially those found in children, the elderly and patients with weakened immune systems, include the following: viruses (H1, H1N12009, H3 subtype), influenza B virus, respiratory syncytial virus (type A and B), para-influenza virus (type 1, type 2, type 3, type 4), human metapneumo virus (Type A and B), rhinovirus, enterovirus, coronavirus (OC43, HKU1, NL63, 229E), adenovirus, Mycoplasma pneumoniae, Chlamydia pneumoniae, and Bacillus pertussis.

C. COVID-19 diagnostic panel series

Since 2019, the spread of COVID-19 has hit countries hard around the world, and the situation is still relatively serious as of now. However, with countries starting to administer vaccines as a means to recover the economy, testing at the same time continues to reach its peak to. By making such effort, it ensures the effectiveness of the vaccination so that people will be able to travel and carry on with their day-to-day life. In addition to the sales of the existing COVID-19 panels (including Pooling), the Group has also applied to the USFDA for the Covid Flu Plus and the development of the SARS-Cov-2 Direct Test to expand products of related series in order to increase revenue and profit sources.

D. Fungal Panel

This fungal panel includes detection of the following: (A) molds (Aspergillus, including fumigatus, flavus, niger and Black Aspergillus, and terreus), Mucor (including Indian Mucor), Rhizopus (Rhizopus microsporum and arrhizus), Cunninghamella griseus, Fusarium oxysporum, Fusarium solaniformes, Sedospora apex, Sedosporum polynosus; (B) Yeast (such as Candida species (including Candida albicans, Candida glabrata, Candida krusei, Candida parapsilosis, Candida tropicalis and Candida auris), Cryptococcus neoformans; (C) other fungi (such as Pneumocystis carinii, Histoplasma capsulatum, Coccus crude, and Blastomycosis dermatitidis). The inspiration for this product development comes from feedbacks received from our clients.

E. Urinal Track Infection

Urinary tract infection (UTI) is a common indication of community and nosocomial infection. According to the report from the National Institutes of Health, the total expenses related to the medical care of UTI is estimated to be about 3.5 billion USD. The severity of infection may be increased significantly with complications like urinary stones, insertion of urethral catheters, and patients who have undergone urinary surgery. Common pathogens that cause urinary tract infections include Escherichia coli, Citrobacter freundii, Acinetobacter baumanii, Proteus mirabilis, Enterococcus, Klebsiella, Enterobacter, Morganella, Mycoplasma and Chlamydia. This product screens these pathogens all at once and provides comprehensive and accurate diagnosis of urinary tract infections with the precision afforded by molecular diagnosis.

F. Drug Resistance Marker

Drug resistance of pathogens is considered by public health experts to be one of the major threats to the modern human society. Due to the widespread usage of anti-biotics and mutation of pathogens after multiple infections, there are more pathogens nowadays that have begun developing resistance to medication. According to a 2019 report by the U.S. CDC, about 2 million people in the U.S. were diagnosed with drug-resistant pathogens annually, resulting in about 35,000 deaths per year. Pathogen resistance that are listed as major threats include carbapenem-resistant Acinetobacter, Candida auris, Clostridium difficile, carbapenem-resistant Enterobacter, drug-resistant Campylobacter, ESBLs Enterobacter, Vancomycin-resistant Enterococcus, drug-resistant Salmonella, multiple drug-resistant Shigella, drug-resistant Staphylococcus aureus (MRSA), and drug-resistant mycobacteria, etc. As the drug resistance of pathogens can be determined by their special genetic fragments- the drug-resistance markers-, additional screening of bacterial drug-resistance when detecting these pathogens can be a very useful information for clinical diagnosis.

G. 12-Plex Sexually Transmitted Disease Panel

The 12-Plex Sexually Transmitted Disease Panel developed by the Group is for testing pathogens such as chlamydia, gonorrhea and herpes simplex virus. This product is intended for use as assay for testing multiple sexually-transmitted diseases. The U.S. Center for Disease Control estimates that about 20 million people are infected with sexually transmitted diseases each year, half of whom are young people aged 15 to 24 years. In addition to causing serious public health issues, sexually transmitted diseases also result in huge health insurance expenditures. The sexually-transmitted diseases have always been statutory infectious diseases that governments of all countries attach great importance to. While common pathogens of sexually-transmitted diseases like AIDS and syphilis already have various detection methods, pathogens that are difficult to diagnose like chlamydia, gonorrhea, trichomoniasis, mycoplasma, herpes virus, etc., have always been blind spots in prevention and treatment. The ABC's assay kit will satisfy this market demand.

H. 28-Plex Low Respiratory Tract Infection Panel

The 28-Plex Low Respiratory Tract Infection Panel developed by our corporation is intended to achieve timely diagnosis so patients can receive treatment as early as possible. Since the symptoms of lower respiratory tract infection are usually severe, patients usually require hospitalization. If they do not receive appropriate treatments, they could potentially develop into severe inflammation. They could induce lung tissue necrosis or anaphylactic shock, which further induces respiratory distress syndromes or respiratory failure. Lower respiratory tract infection includes tracheitis, bronchitis and pneumonia. Common symptoms include repeated coughing, chest pain, thick sputum, shortness of breath, fever and chills. Among the symptoms, tracheitis and bronchitis are commonly caused by viral infections. Pneumonia is commonly caused by viruses and bacteria like Streptococcus pneumoniae, Haemophilus influenzae, Mycoplasma pneumoniae, Chlamydia pneumoniae, Legionella, and influenza virus.

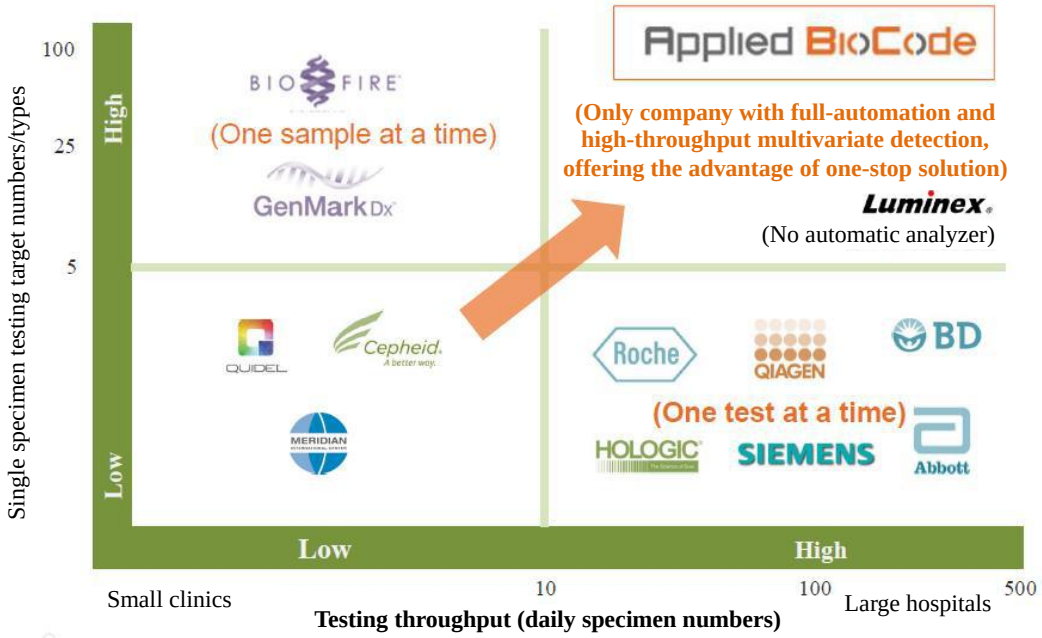
I. 120-Plex Allergy Diagnostic Panel and Automated Immunoassay System

The Group intends to develop 120-Plex Allergy Diagnostic Panels and Automated Immunoassay Systems in the future mainly to target diseases related to allergies, including asthma, rhinitis, angioedema, urticaria, conjunctivitis and eczema. Populations suffering from these diseases are rapidly increasing due to industrial pollution and population growth. For the asthmatic population alone, the World Health Organization forecasts that the global asthmatic population will growth to 400 million people by the year 2025. Allergies result in an increase of direct medical costs and decrease of social behavioral efficiency; the decrease in work efficiency will result in health burdens for all. Treating these kinds of diseases requires effective testing tools of allergens.

(4) Competitive niche

A. High-throughput, high efficiency, automation

BMB can be used together with the instruments developed by our corporation for analysis. The MDx 3000 is a fully automated multivariate detection system that is easy to operate and integrated many molecular detection steps such as PCR amplification, hybridization, washing and automated reading and interpretation. Up to 4,096 tests can be performed on a single specimen, and up to 188 specimens (8 hours) can be operated and analyzed simultaneously. Compared to the market competitors like Roche and Luminex, while their products also have a high-throughput capability, Roche's offering does not have multivariate detection capability, and neither Roche nor Luminex has full automation built in their systems. Comparing the xMAP instrument of Luminex where each step must be manually completed, our MDx 3000 can reduce the total operation time to 3.5 hours. In addition, full automation can reduce manual operation errors and labor costs, demonstrating the competitive advantages of our corporation's technology platform.



Source: compiled by our group

B. High yield and good stability

BMBs are produced with semiconductor manufacturing technology. As the semiconductor industry has rapidly advanced in the past decades, this production technology's stability is very high and much more stable than other market competitors that offer fluorescent-labeled analog multivariate detection systems. In addition, the fluorescent beads of Luminex are photosensitive and must be stored in darkness. Otherwise, the fluorescent dye will lose its color intensity. The Luminex fluorescent beads are also difficult to produce and can be affected by different barcode reading rates between different batches.

C. Cost advantages

Since the production of Barcoded Magnetic Beads (BMB) is based on a semiconductor manufacturing process that can scale to mass production, the production costs of BMB are

competitively advantageous compared to the multivariate detection system of Luminex's fluorescent beads.

D. Proprietary technology and patent protection

Our corporation has previously obtained exclusive, irrevocable and permanent licensing from Maxwell Sensors for our core intellectual property rights, excluding the application in the same fields under our corporation by Maxwell Sensors and third parties. We also have the right to re-authorize applications by third parties. Such core intellectual property rights have been transferred and provided to our corporation. Our corporation is the developer and technology proprietor of the Barcoded Magnetic Beads (BMB) assay platform, we can collaborate with international vendors through licensing. This technology platform has obtained multiple patents in the U.S. and the world, including various BMB core patents (7,871,770, 7,858,307, 8,232,092, 8,148,139 and 9,255,922 are approved by the United States Patent and Trademark Office; the European Union Intellectual Property Office approves EP2342561B1; CN 102246037 B is approved by Chinese Patent). Our corporation's critical technologies' intellectual property rights are the following four: Barcoded Magnetic Beads (BMB), Light transmitted assay bead, Biocompatible and photocurable polymer, Image Decoding and System. When combined, these patents protect our corporation's technologies and ensure their applications in various biomedical fields.

Patent Number	Patent name	Country of Application	Date of Approval
7,871,770	Barcoded Magnetic Beads Structure and Materials	United States	2011/01/18
7,858,307	Barcoded Polymer Beads	United States	2010/12/28
8,232,092	Apparatus and Method for Analyzing Digital Magnetic Beads	United States	2012/07/31
8,148,139	Manufacturing and structure of Barcoded Polymer Beads	United States	2012/04/03
CN 102246037 B	Bio-compatible Polymer Materials for Barcode Magnetic Beads	China	2014/05/21
9,255,922	Biocompatible and photocurable Polymers	United States	2016/02/09
EP2342561B1	Biocompatible and photocurable Polymers	Europe	2019/06/26
PCT/US08/08529	Apparatus and Method for Digital Magnetic Beads Analysis	PCT	–
PCT/US09/60043	Biocompatible and Photocurable Polymers	PCT	–

Source: compiled by our group

(5) Advantages and Disadvantages of Development Prospective and Corresponding Measures

A. Advantages

(A) Technology platform that meets the market trend

As the world's population structure continues the aging trend and the concepts of preventive medicine gain maturity, governments of various countries began to value healthcare and the population's welfare. The improvement of personal economic status and changing healthcare concepts have resulted in continuous expansion and growth of the global healthcare markets. In recent years, the biotechnology industry has paid much attention to precision healthcare and personalized medicine. It is expected that in-vitro diagnostics, such as molecular and immune diagnosis, will become a popular development field. The multivariate diagnostic technology platform of our corporation can satisfy the three market trends simultaneously: 1. Multiple testing, 2. High throughput, and 3. automated operation. In response to the rapid growth of the personalized medicine and precision medical markets, our corporation's testing platform has high compatibility and expandability, making it easy to incorporate new diagnostic targets into our products. Additionally, in response to the multivariate testing market's highly variable demands, our BMB technology platform has good flexibility on diagnostic expansion, allowing rapid inclusion of new biomarkers.

(B) International Brand and Proprietary Technology

Our corporation is the developer and technology proprietor of the Barcoded Magnetic Beads (BMB) assay platform. This technology platform is protected by various international patents. Through licensing to international vendors, we collect pre-payments and royalties to the licensees and engage in sales of BMBs to licenses, generating technology royalty and revenue for our corporation.

(C) Application in Diverse Disciplines

The scope of application of our corporation's technology platform covers wide market applications like clinical diagnosis, academic research, agriculture testing, animal health testing and environmental testing, in addition to our core diagnostic applications in immune and nucleic acid analysis. Our BMB technology has been successfully licensed to various international vendors for use as a development platform for various diagnostic products, demonstrating the recognition received for our platform's application value.

B. Disadvantages and corresponding measures

(A) Existing market competitors: BMB is an innovative technology platform. The existing competitors in the market of multivariate diagnostic can present a threat to the future market share expansion of the BMB technology platform. A major competitor of similar characteristics to our platform is the xMAP system of Luminex, which has been successfully implemented in hospital markets. Compared to our BMB technology platform, Luminex has the advantage of technology and brand familiarity. Other competitors on the market: vendors like Biofire and Genmark provide single-use cassette type operation platforms (one specimen per cassette). Although the volume of specimens is lower, they are nevertheless potential competitors of our corporation.

Corresponding measures

a. Each step of the Luminex xMAP operation requires manual input, which is time-consuming and challenging to control the quality of results. Our corporation's MDx 3000 is a fully automated operation platform, which reduces labor costs and can decrease total operation time to 3.5 hours. It also has the advantages of easy operation, prevention of DNA contamination, and ease of maintenance and repair. Our corporation will continue to promote our products through authoritative seminars in the field of clinical diagnosis, publication in international journals, and participation in international conventions so that we can increase our brand visibility and emphasize our unique automation advantages.

b. Compared to Biofire and Genmark, whose products do not possess high-throughput capacity, our products are positioned toward high test volume users such as major hospitals, which allows our products to compete for different market objectives. Our corporation's high-throughput feature allows our product to reduce personnel operation time, a shorter testing cycle, and lower costs per diagnosis.

(B) Costs invested during the research and development phase: our corporation was founded fairly recently, and being a biotechnology and medical research and development company, it takes a long time for products to go on sale, as the process requires multiple verifications and clinical trials. If there is no fixed revenue or continuous injection of external funding, it is difficult for us to support the research expenses, and failure of product development will also impact our corporation's financial affairs. Therefore, sound financial planning is of paramount importance to our corporation's operations.

Corresponding measures

a. The BMB technology platform can be applied in a wide range of fields. Our BMB technology has been successfully licensed out to various international vendors for research and development in clinical diagnosis and animal health testing. We collect royalty fees from licensees, which, along with BMBs or instruments' sales, have brought in revenue streams for our corporation.

b. Considering that infectious diseases have well-defined diagnostic needs and are subsidized by health insurance, we retain the in-house development, production and sales of infectious disease related products. Currently, we have the practical sale and commercialization results for Gastrointestinal Pathogen Panel, Respiratory panel, Covid-19 panels and automated multivariate testing system MDx 3000. Or group is continuously developing diverse in-vitro diagnostics assay products such as fungi, urinary tract infection, bacterial drug-resistance, sexually-transmitted diseases (gynecology) and lower respiratory tracts, which help to disperse the risks of a single product's developmental failure. It is expected that sales of our main products (including the in-vitro diagnostics assays) will continue to bring in profits for our corporation.

c. Utilize capital market fundraising opportunities to increase diversified outlets for financing.

2. Key usage and production processes of main products

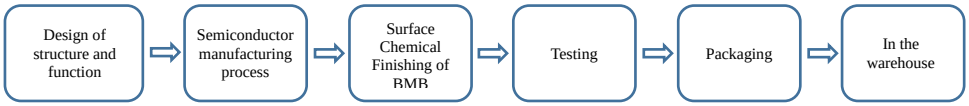
(1) Key usage of main products

The BMB technology platform developed by our corporation can be applied to nucleic acid and immune testing principles. Therefore, it can be applied to a wide range of markets, such as clinical diagnosis, technology research, agriculture, animal health, food industry and environment testing. Following is a brief description of the main products developed or currently in development by our corporation, and their key usage:

Product name	Key usage
Barcoded Magnetic Beads, BMB	BMB can encode up to 4,096 unique numbers and bind with DNA, antibodies, or antigens for specific binding and identification of target compounds. It can be used as a carrier for in-vitro diagnostic assays and can be applied to the diverse fields of clinical diagnostic, agriculture and animal health.
Instrument	A testing instrument that complements the Barcoded Magnetic Beads (BMB) acts as a diagnostic and analysis platform for proteins and nucleic acids. Our BC2500 is an analytical instrument designed for sale to authorized customers. The Biocode MDx 3000 is targeted to hospitals and third party laboratory clients, and has the advantages of fully automated molecular assays, high-throughput, highly diverse testing, ease of operation and small product footprint. Our Group is currently developing automated testing instrument for immunoassay.
Reagent	Diagnostic panel reagents based on BMB technology comprise mainly of molecular and immunoassay products. Panels are divided based on different indications and test targets. Medical personnel can generate important clinical diagnosis basis by following the instructions and operate the tests. Our philosophy is to develop multiple in-vitro diagnostics assays panels for the same testing instrument, which maximizes the testing efficiency for the customer and increases the number of items available.

(2) Manufacturing process of primary products

A. Barcoded Magnetic Beads (BMB)



B. Instrument

C. Reagent

3. Supply of primary raw materials

Primary products	Primary raw materials	Primary suppliers	Supply situation
Barcoded Magnetic Beads (BMB)	Wafer fabrication	Asia Pacific Microsystems	Adequate
Instrument	System manufacturing	Symbio	Adequate
Reagent	Chemical assays	Promega	Adequate

4. Significant changes in primary products or gross margin in divisions for the most recent 2 fiscal years

(1) Comparative analysis of changes in the gross margin of primary products for the most recent 2 fiscal years

Unit: NT$ thousand

Item \ Products	Barcoded Magnetic Beads (BMB)		Instrument		Reagent	
	2019	2020	2019	2020	2019	2020
Net sales	57,444	44,755	8,127	25,487	33,333	210,908
Gross profit	30,006	24,544	1,429	9,373	19,981	169,533
Gross margin (%)	52.24	54.84	17.58	36.78	59.94	80.38
Change in gross margin (%)	12.51	4.98	(34.72)	109.22	-	34.10

(2) Description of the change in the gross margin of 20% or more

a. The increase from 2019 of the gross margin for the Group's instruments in 2020 was mostly due to the sales target mainly being IDexx, whose unit price was higher than other licensed customers.

b. In addition to the existing Gastrointestinal Pathogen Panels (GPP) for 2019, our diagnostic panels for 2020 include Sars-CoV-2 and Respiratory Pathogen Panel (RPP). Among these panels, Sars-CoV-2 panels account for the majority. The increase from 2019 of the gross margin was mainly due to the effective absorption of fixed labor and manufacturing expenses as a result of the large economic scale.

5. List of main purchasing and selling customers

(1)The names of the suppliers who have accounted for more than 10% of the total purchase amount in any of the most recent 2 fiscal years, and the amount and proportion of the purchase amount, and explain the reasons for such increase or decrease.

Unit: NT$ thousand

Item	2019				2020			
	Name	Amount	As a percentage of the total net annual purchase (%)	Relationship with the issuer	Name	Amount	As a percentage of the total net annual purchase (%)	Relationship with the issuer
1	Symbio	20,227	25.56	None	Promega	62,109	44.02	None
2	Promega	18,547	23.44	None	Symbio	24,949	17.68	None
3	Crystalvue	12,334	15.58	None				None
-	Others	28,034	35.42	-	Others	54,040	38.30	-
-	Net purchase	79,142	100.00	-		141,098	100.00	-

Promega is a primary raw material supplier for panel products. With the increase in demand for Covid panels, the corresponding purchase and stocking amount increased from the same period last year.

Symbio is an OEM of panel products, and the increase in amount from the same period last year was due to the rolling out of equipment for new customers.

(2) The names of the customers who have accounted for more than 10% of the total sales amount in any of the most recent 2 fiscal years, and the amount and proportion of the sales amount, and explain the reasons for increase or decrease

Unit: NT$ thousand

Item	2019				2020			
	Name	Amount	As a percentage of the annual total sales (%)	Relationship with the issuer	Name	Amount	As a percentage of the annual total sales (%)	Relationship with the issuer
1	IDEXX	43,735	41.77	None	Poplar	89,442	29.91	None
2	Baylor	18,787	17.94	None	Baylor	76,043	25.43	None
3	Zhuhai Livzon Diagnostics	16,637	15.89	None	IDEXX	49,719	16.63	None
4	Poplar	16,011	15.29	None	-	-	-	-
-	Others	9,524	9.11	-	Others	83,811	28.03	-
-	Total sales	104,694	100.00	-	Total sales	299,015	100.00	-

Benefiting from additional multiplex molecular panel product lines, including the existing GPP and newly added Sars-CoV-2 and RPP, Poplar and Baylor ranked first and second with respect to customer sales. IDEXX did not resume its research and development of products using the Group’s BMB core technologies until the 3rd quarter due to the pandemic outbreak; therefore its sales share decreased from 2019.

6. Production volume and value for the most recent 2 fiscal years

Note 1 Unit: 50,000 pieces, NT$ thousand

Year / Primary products	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Barcoded Magnetic Beads (BMB)	72,000	35,305	27,438	72,000	32,522	20,211
Instrument	Note 2	8	6,698	Note 2	24	16,114
Reagent	2,000	500	23,261	4,000	3,392	41,375
Others	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Total		-	57,397			77,700

Note 1: The BMB is 50,000 pieces per unit in the table above, while the instrument is counted as one unit.

Note 2: The production of an instrument is outsourced and not applicable to production capacity analysis; other revenues include technical services and sales of instrument parts and components, which are also not applicable to production capacity and yield analysis.

The changes in production volume and value for 2019 and 2020, were mainly due to changes in customers' orders.

7. Sales volume and value for the most recent 2 fiscal years

Unit: 50,000 pieces, NT$ thousand

Year / Products	2019				2020			
	International sales		Domestic sales		International sales		Domestic sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Barcoded Magnetic Beads (BMB)	16,136	18,615	19,169	38,829	18,342	19,039	14,180	25,716
Instrument	5	5,597	3	2,530	2	1,848	22	23,639
Reagent	-	-	287	33,333	1	37	3,391	210,871
Others	Not applicable	1,954	Not applicable	3,836	Not applicable	2,034	Not applicable	15,831
Total	-	26,166	-	78,528	-	22,958	-	276,057

Note 1: Domestic sales refer to sales activities within the U.S.; foreign sales refer to sales activities outside the U.S.

Note 2: The BMB is 50,000 pieces per unit, while the instrument is counted as one unit.

Note 3: Other income includes income for technical services, parts, and components of instruments; their sales units are different.

The changes in sales volume of the Group's products from 2019 to 2020 were mainly due to the demand for new orders from strategic partners for the Sars-CoV-2 and RPP orders.

8. Product technology analysis and sustained research and development planning

(1) Technology level of product development and production, sources, protection (patent rights and legal protection status), and improvement

A. Technology level of product development and production

Our corporation has developed the Barcoded Magnetic Beads (BMB) assay technology to reduce the two-dimensional barcode (commonly used in supermarkets and shipping industry) into a million fold, and engrave it onto BMB, configure it with a multi-layer structure, and use photo masking with polymers to implement photolithography. This technology has the advantages of biocompatibility and stability. The decoding of the binary barcode system makes

the identification of BMBs more direct and greatly reduces the error rate. BMBs are not affected by light as they do not carry fluorescence, which allows them to have a longer shelf life and more relaxed storage requirement; in addition, since the detection of fluorescent signals is completed in a stable state, it is suitable for quantitative and qualitative identification of fluorescent signals. For a detailed description, please refer to the previous section I Company status/Technology level of business operation and description on research and development.

B. Sources of product development and production technology

Our corporation's core technologies are developed by Winston Z. Ho, Ph.D., Founder, Chairman and President of the company, and his research team in 1998. The initial patent rights were registered to Dr. Ho and his spouse’s co-owning company, Maxwell Sensors. In 2008, Maxwell Sensor authorized ABC-US for the exclusive, irrevocable and permanent license of its four patents and related derived technologies. Based on the premise that Maxwell Sensors and third parties shall not use the four patents on the application of fields related to our corporation, we have since been dedicated to developing technology related to the diagnostic platform. Aside from the independently obtained patent registrations, the Maxwell Sensors' four patents were voluntarily transferred to our corporation in April 2018.

C. Protection and improvement of product development and production technology

Our corporation has devised control mechanisms for internal control of our R&D projects. We regularly hold meetings that include business operation and quality and irregular submission of development proposals from units within the company, which supervisors evaluate for their feasibility. The evaluation contents include the following: description of new product functions, market analysis, product positioning, various TFDA, US-FDA legislations and environment regulations. The development proposals are reviewed during the meetings and confirmed by the President, which is then assigned to the head of a project team to conduct task planning. The project head devises the development pre-planning. Based on the results of development, confirm whether the specifications are feasible and meet the customer's needs, which the responsible supervisor then approves. After the project is approved, the project head proposes the development plan and submitted for the President's approval. Development tasks and management are implemented for sample production before entering the product design and planning phase. As the developer and owner of the BMB assay technology platform, we can produce and sell our products and collaborate with international vendors through licensing. The technology platform already has multiple patent protection in the United States and the world.

(2) Main product competitive advantages, product life cycle and sustained R&D plans and new product development

A. Main product competitive advantages

Please refer to the previous section I for a description of Company status/Competition and Niche

B. Product life cycle

In-vitro test assays usually have a long life cycle, sometimes exceeding even 20 years or more. The application of assays is usually for disease detection or genetic testing. Such demands are long-term and will not easily follow changing habits or times. In-vitro diagnostic assays as

non-reusable medical consumables, its downstream market demand is relatively rigid, and assays and testing instruments' development threshold is relatively high. It requires the integration of various technology fields such as electro-optics, optoelectronics, biochemistry, physical chemistry, molecular science and genetics. It also requires long-term validation, evaluation and testing. Once the market has accepted it, it is expected to have a longer life cycle. At present, most countries have gradually implemented GMP management and related measures, which have inadvertently increased the entry threshold of diagnostic assays, so there should be no product life cycle concerns.

C. Sustained R&D plans and new product development

The USFDA has approved our group for marketing GI panel and multivariate respiratory tract in-vitro diagnostics assays, coupled with the Biocode MDx3000. We also obtained the two EUA from the USFDA for the Covid-19 nucleic acid panel and Covid-Flu Plus, and has submitted EUA application to the USFDA for the newly developed Cov-2 Flu Plus panel on December 25, 2020. It is expected that such panels will see a large increase in the motivation to utilize the Biocode MDx3000 automated diagnostic system. The Group will continue to develop in-vitro diagnostic assays and expect to pass at least one assay per year. We will actively evaluate potentially profitable projects and product expansion to maximize the efficiency of R&D, production, and sales.

Research and Development Items	Main research and development
Fungal Panel	The Fungal Panel includes test assays for lung infection, meningitis, bloodstream infection, allergy and skin infection. Fungal meningitis is most commonly caused by Cryptococcus. In the U.S., Cryptococcus infection is the 4th ranking pathogens aside from bloodstream infection. Its mortality rate is estimated between 35 and 55% and is a common type of pathogen for nosocomial infections. The Candida auris, known for its multiple drug resistance characteristic, has a mortality rate of about 30 to 60% for those infected, and is listed as one of the emergency threats by the U.S. CDC.
Urinal Track Infection	Urinary tract infection (UTI) is a common indication of community and nosocomial infection. According to the report from the National Institutes of Health, the total expenses related to the medical care of UTI is estimated to be about 3.5 billion USD. The severity of infection may be increased significantly with complications like urinary stones, insertion of urethral catheters, and patients who have undergone urinary surgery. Common pathogens that cause urinary tract infections include Escherichia coli, Citrobacter freundii, Acinetobacter baumanii, Proteus mirabilis, Enterococcus, Klebsiella, Enterobacter, Morganella, Mycoplasma and Chlamydia. This product screens these pathogens all at once and provides comprehensive and accurate diagnosis of

Research and Development Items	Main research and development
	urinary tract infections with the precision afforded by molecular diagnosis.
Drug Resistance marker	Drug resistance of pathogens is considered by public health experts to be one of the major threats to the modern human society. According to a 2019 report by the U.S. CDC, about 2 million people in the U.S. were diagnosed with drug-resistant pathogens annually, resulting in about 35,000 deaths per year. Pathogen resistance that are listed as major threats include carbapenem-resistant Acinetobacter, Candida auris, Clostridium difficile, carbapenem-resistant Enterobacter, drug-resistant Campylobacter, ESBLs Enterobacter, Vancomycin-resistant Enterococcus, drug-resistant Salmonella, multiple drug-resistant Shigella, drug-resistant Staphylococcus aureus (MRSA), and drug-resistant mycobacteria, etc. As a result, screening with added bacterial drug-resistance when detecting these pathogens is essentially important information for clinical diagnosis.
12-Plex Sexually Transmitted Disease Panel	Detection of pathogens such as chlamydia, gonorrhea, herpes simplex virus type 1, herpes simplex virus type 2, Trichomonas vaginalis, and mycoplasma. This product is one of the few comprehensive multiple screening assays for the detection of STDs.
28-Plex Low Respiratory Tract Infection Panel	The testing of the lower respiratory tract remains an unresolved issue due to its time-consuming nature and prolonged treatment period. The 28-Plex Low Respiratory Tract Infection Panel is used in multiple tuberculosis; the product is expected to achieve real-time first line testing to resolve the issue where testing could not be synchronized with treatment. Study results show that this product can be accurately used to differentiate the types of Mycobacterium tuberculosis and non-tuberculosis Mycobacterium before cultivation. The main target market is the Asia Pacific region.
120-Plex Allergy Diagnostic Panel and Automated Immunoassay System	The global market of rapid immunoassay is expected to grow from 18.725 billion U.S. dollars in 2017 to 31.885 billion in 2026, a compound annual growth rate of 8.49%. The rapid assay is suitable for preliminary or emergency medical diagnosis and use by medical institutions with limited resources. Due to its convenience and rapid testing capability, it will assist in providing timely treatment. There is currently a great demand globally on preventive management, and as the awareness for early disease detection continues to increase globally, it is expected that this segment of the market will grow significantly in the

Research and Development Items	Main research and development
	future. Diseases related to allergies include asthma, rhinitis, angioedema, urticaria, conjunctivitis and eczema. Populations suffering from these diseases are rapidly increasing due to industrial pollution and population growth. For the asthmatic population alone, the World Health Organization forecasts that the global asthmatic population will growth to 400 million people by the year 2025. Allergies result in an increase of direct medical costs and decrease of social behavioral efficiency; the decrease in work efficiency will result in health burdens for all. Treating these kinds of diseases requires effective testing tools of allergens.

3. Number of Employees of past two years

1. Number of workers in the most recent 2 fiscal years and as of the publication date of the annual report

Year / Item		End of 2019	End of 2020	End of March 2021
Number of employees	Management personnel	14	13	13
	Research and technology personnel	39	42	43
	Other employees	11	16	17
	Total	64	71	73
Average age		44.6	45.20	45.30
Average length of service		3.48	3.72	3.74
Education distribution ratio	Ph.D. Degree	16%	11%	11%
	Masters Degree	17%	15%	16%
	University and College Degree	64%	70%	67%
	Senior high school	3%	4%	6%
	Below high school	-	-	-

2. The employment turnover and movement of managers, and technology and research and development personnel, and other employees

Item / Year		2019		2020		End of April 2021	
		Number of personnel	Ratio (%)	Number of personnel	Ratio (%)	Number of personnel	Ratio (%)
Separated employees	Managerial officer	1	10.00	1	6.25	-	-
	Research and technology personnel	7	70.00	8	50.00	1	50.00
	Other employees	2	20.00	7	43.75	1	50.00
	Total (A)	10	100.00	16	100.00	2	100.00
Number of active employees at the end of the period (B)		64		71		73	
Turnover rate (%)=A/(A+B)		13.51		18.39		2.67	

Note: Separation rate = separated employees / number of active employees at the end of the period+separated employees).

4. Environmental Expenditure

1. According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: The Group does not have factories, and only discharges general domestic wastewater. The Group has not yet reached the criteria to set up environmental protection dedicated personnel.
2. Set forth the group's investment in the major anti-pollution facilities, the use purpose of such facilities, and the possible

effects to be produced: Not applicable as the group has no factories.

3. Describe the process undertaken by the group on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process should also be described: The Group has not been penalized by environmental protection authorities on environmental pollution matters or had any pollution dispute.
4. Any losses suffered by the Group in the last fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: The Group has not been involved in environmental pollution incidents in the most recent 2 fiscal years and up to the annual report publication date.
5. Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the group, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: As the Group has not been involved in environmental pollution incidents, there is no impact of significant impact on the Group's profits, competitive position and capital expenditures.

5. Employer-Employee Relation

(1) The Company's various policies including employee welfare measures, continuing training, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures

1. Employee benefits

Not only does ABC-KY's primary place of business, Applied Biocode, Inc., handles the employee's benefits in accordance with applicable regulations of the Social Security Program Rules and Labor Law, Medical Insurance, Dental Insurance and Worker's Compensation Insurance and retirement Plan-401K are also provided, ensuring employees' related benefits. Employees of ABC-TW are also covered by Labor insurance and National Health Insurance as required by the Taiwan government, protecting employees' rights and interests. So far, incidents that affected the rights and interests of employees have not occurred.

2. Employee education and training

(1) Newcomers

On the first day of employment, an introduction to the Company's work rules, environment, supervisors and colleagues is explained to newcomers by HR personnel.

(2) On-the-job training

In an effort to accommodate the organization's goals and manpower development to improve the quality of personnel, after approval, professional capability and work efficiency, employees are offered a variety of professional and technical training courses according to different functions and business needs. e-Learning and book clubs are also promoted in the Company to encourage the employee to share and exchange their knowledge to enhance their academic skills to help achieve their work tasks. Moreover, we provide convenient and diverse learning outlets and opportunities by cultivating talented professional and technical individuals.

3. Retirement system and implementation status

ABC-KY makes contributions to labor pensions according to local laws and regulations so that employees can concentrate on their work without worries. In accordance with Federal Insurance Contribution Act (FICA), Applied Biocode, Inc.'s primary place of business currently contributes 12.4% of the employee's monthly salaries to the Social Security Tax (shared by both the employer and employee at 6.2%) and 2.9% to the Medicare's Hospital Tax (shared by both the employer and employee at 1.45%). After employees retire, they will be entitled to social security benefits, including pension, disability benefits and federal hospital/medical insurance, etc. Applied Biocode, Inc. also offers a pension system (Retirement Plan -401K), allowing employees to contribute 1%-20% of their monthly salary to their retirement account. Employees are free to choose to join the investment plans launched by financial institutions selected by the Company. The amount contributed by the employee can be deducted from the reported income until retirement, when tax will be imposed. On the other hand, ABC-TW contributes labor pension funds to a dedicated account of the Bureau of Labor Insurance required by the Taiwan government. Pension funds are provided to retired employees in accordance with the retirement plan.

4. Agreements between labor and management and various employee rights protection measures

The Group has formulated working rules in accordance with laws and regulations to clearly regulate labor conditions to protect the rights and interests of employees, allowing their rights and interests to be handled fairly and reasonably. Up to now, incidents that would damage the rights and interests of employees have not occurred.

(2) Any losses suffered by the Company in the last fiscal year and up to the annual report publication date due to labor-capital disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition

dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: We have always regarded our employees as the most precious assets, and the relationship between labor and capital has been harmonious, hence, there have not been any major disputes.

6. Important Agreements

Agreement Nature	Parties	Agreement Period	Main Content	Restricted Terms and Conditions
Development Agreement	Accel Biotech,Inc.,	March 15, 2013	Entered into an agreement with Accel Biotech, Inc. for product development and design services.	None
Supply, Sales and License Agreement	Genetic Analysis	November 19, 2013	Genetic Analysis was granted non-exclusive rights to use ABC-KY's Barcoded Magnetic Beads (BMB) in specific fields. Genetic Analysis purchased ABC-KY's systems and BMB.	None
Technology License Agreement	Imusyn	April 22, 2014	Imusyn was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also responsible for developing and commercializing the systems in specific fields.	None
Technology License Agreement	PerkinElmer, Health Sciences, Inc.	December 28, 2014	PerkinElmer was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also responsible for commercializing the systems and providing them to customers of vitro diagnostic laboratories in specific fields.	None
Technology License Agreement	Hecin Scientific,Inc. /Improve Medical Instrumentation Co.	September 28, 2015	Hecin was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also responsible for commercializing the systems and providing them to customers of vitro diagnostic laboratories in specific fields.	None
Technology License Agreement	Diatherix Laboratories, LLC	May 2, 2016	Diatherix was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also licensed to have the right to sell these products.	None
Primary Product Supply Agreement	Asia Pacific Microsystems, Inc.	July 7, 2016	ABC-KY entered into an OEM agreement with Asia Pacific Microsystems, Inc. for the manufacturing of products.	None

Agreement Nature	Parties	Agreement Period	Main Content	Restricted Terms and Conditions
Technology License Agreement	Shanghai Kexin Biotech Co., Ltd.	March 8, 2016	Shanghai Kexin Biotech Co., Ltd. was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also responsible for commercializing the systems and providing them to customers of vitro diagnostic laboratories in specific fields.	None
Primary Product Supply Agreement	CrystalVue Medical Corporation	March 15, 2017	ABC-KY entered into an OEM agreement with CrystalVue Medical Corporation.	None
Technology Licensing and Supply Agreement	Zhuhai Livzon Diagnostics Inc. (Zhuhai Livzon Pharmaceutical Group)	July 4, 2017 - July 4, 2027	Zhuhai Livzon Diagnostics Inc. was licensed to purchase ABC-KY's BMB technology, assays and instruments for product development. It was also responsible for commercializing the systems and providing them to customers of vitro diagnostic laboratories in specific fields.	None
Technology Licensing and Supply Agreement	IDEXX Technologies GmbH	October 10, 2017 - December 31, 2036	BMB and multiplex immunoassay are sold exclusively to IDEXX Technologies GmbH in the non-human health field, and IDEXX Technologies GmbH agrees to a minimum annual purchase volume.	None
Primary Product Supply Agreement	Suzhou Sym-Bio Lifescience Co., Ltd.(Subsidiary of Perkin Elmer)	November 30, 2017	ABC-KY entered into an OEM agreement with Perkin Elmer.	None
Non-Exclusive License Agreement	Accel Biotech, LLC	April 1, 2018	Attained a non-exclusive license from Accel to use its molecular diagnostic analysis equipment.	None
MDx 3000 Launch and Assay Sales Agreement	Baylor Scott & White Health	November 8, 2018 - November 8, 2021	The launch of the automated molecular diagnostic system MDx 3000, and post-test sales of the 17-Plex Gastrointestinal Pathogen Panel and supply of COVID-19 panels.	None

Agreement Nature	Parties	Agreement Period	Main Content	Restricted Terms and Conditions
MDx 3000 Launch and Assay Sales Agreement	Poplar Healthcare	November 19, 2018 - November 19, 2021	Launch of MDx 3000 - an automated molecular diagnostic system, and post-test sales of 17-Plex Gastrointestinal Pathogen Panel.	None
Plant Lease Agreement	PPF INDUSTRIAL 12016 TELEGRAPH RD, LP	March 21, 2019 - October 31, 2025	ABC-US entered into a plant lease agreement.	None
Licensing Agreement	Guoyao Group Beijing Medical Apparatus and Instruments	June 1, 2019 - May 31, 2022	Licensed Guoyao Group Beijing Medical Apparatus and Instruments for the sale of Biocode 2500 and BMB.	None
Non-Exclusive License Agreement	ALPCO	October 21, 2019 - October 21, 2029	ALPCO was licensed to purchase the Group's BMB technology, assays and instruments for product development. It was also responsible for commercializing the systems and providing them to customers of vitro diagnostic laboratories in specific fields.	None
Non-Exclusive License Agreement	Paitaike Co. Ltd.	December 31, 2019 - December 30, 2029	Signed a non-exclusive license with Paitaike Co. Ltd. for the development of cytohormone assays in China.	None
Supply Agreement	Tricore	January 2, 2020 - January 1, 2023	Signed a supply agreement with Tricore for gastrointestinal pathogen diagnostic panels.	None
Launch of Panel and Instrument Contracts	QDx Pathology Services	August 19, 2020 - August 19, 2023	Supply of COVID-19 panels and 17-Plex Gastrointestinal Pathogen Panels. The supply has begun.	None
Launch of Panel and Instrument Contracts	Greenwood Leflore Hospital	July 16, 2020 - July 16, 2021	Supply of COVID-19 panels. The supply has begun.	None
Launch of Panel and Instrument Contracts	20/20 GeneSystems, Inc.	July 28, 2020 - November 28, 2020	Supply of COVID-19 panels. The supply has begun.	None
Launch of Panel and Instrument Contracts	Mayaquez Clinical Lab, Inc.	September29, 2020 - September 29, 2023	Supply of COVID-19 panels. The supply has begun.	None

Agreement Nature	Parties	Agreement Period	Main Content	Restricted Terms and Conditions
Launch of Panel and Instrument Contracts	Alliance Laboratories	October 20, 2020 - October 20, 2023	Supply of respiratory adaptation multiplex panels. The supply has begun.	None
Launch of Panel and Instrument Contracts	PCG Molecular	November 4, 2020 - May 4, 2021	Supply of COVID-19 panels and 17-Plex Gastrointestinal Pathogen Panels. The supply has begun.	None
Evaluation Contract	SDI Labs	November 12, 2020	Supply of 17-Plex Gastrointestinal Pathogen Panels and respiratory adaptation multiplex panels.	None
Launch of Panel and Instrument Contracts	DNA Reference Lab	April 24, 2020	Supply of COVID-19 panels and respiratory adaptation multiplex panels. The supply has begun.	None
Primary Product Supply Agreement	Wistron Medical Technology Corporation	November 3, 2020 - November 3, 2023	Entered into an OEM contract for instruments with Wistron Medical Technology Corporation	None

VI. Financial Overview

1. Condensed Consolidated Financial Statements for the Last Three Years

(1) Condensed balance sheet and consolidated income statement

1. Condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the last three years		
		2018	2019	2020
Current asset		423,408	540,039	1,021,077
Property, Plant and Equipment		45,961	51,438	116,210
Right-of-use asset		-	69,512	55,309
Intangible asset		26,677	21,974	17,196
Other assets		18,026	36,044	17,429
Total assets		514,072	719,007	1,227,221
Current liabilities	Before dividends	54,990	112,160	77,802
	After dividends	54,990	112,160	77,802
Non-current liabilities		26,356	76,197	62,424
Total liabilities	Before dividends	81,346	188,357	140,226
	After dividends	81,346	188,357	140,226
Equity attributable to parent company owners		432,726	530,650	1,086,995
Share capital		620,058	722,854	816,390
Additional paid-in capital		479,833	770,920	1,394,683
Retained earnings	Before dividends	(668,539)	(948,612)	(1,052,108)
	After dividends	(668,539)	(948,612)	(1,052,108)
Other equities		1,374	(14,512)	(71,970)
Treasury stock		-	-	-
Non-controlling interests		-	-	-
Total Equity	Before dividends	432,726	530,650	1,086,995
	After dividends	432,726	530,650	1,086,995

Source: Audited consolidated financial statements.

2. Condensed Consolidated Income Statement

Unit: NT$ thousand

Year / Item	Financial information for the last three years		
	2018	2019	2020
Net sales	36,904	104,694	299,015
Gross profit	16,732	52,969	193,524
Operating (loss) income	(267,879)	(275,073)	(133,514)
Non-operating income and (expense)	(402)	(4,976)	30,042
Profit (losses) before tax	(268,281)	(280,049)	(103,472)
Net income (loss) of continuing operations in the current period	(268,305)	(280,073)	(103,496)
Loss from discontinued operations	-	-	-
Net income (loss) in the current period	(268,305)	(280,073)	(103,496)
Other comprehensive income (loss) in the current period (net, after-tax)	5,671	(19,616)	(58,289)
Total comprehensive income (loss) in the current period	(262,634)	(299,689)	(161,785)
Net income (loss) attributable to parent company owners	(268,305)	(280,073)	(103,496)
Net income attributable to non-controlling interests	-	-	-
Comprehensive income (loss) attributable to parent company owners	(262,634)	(299,689)	(161,785)
Comprehensive income attributable to non-controlling interests	-	-	-
Earnings per share (loss)	(5.06)	(4.36)	(1.33)

Source: Audited consolidated financial statements.

(2) Matters of material significance which affected the comparability of the above-mentioned condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impact of these events on the then current financial reports: None.

(3) The names and auditor's opinions of the attesting CPA for the most recent 5 fiscal years

1. The names and auditor's opinions of the attesting CPA for the most recent 5 fiscal years

Year	Accounting Firm	CPAs	Review opinion
2016	PwC Taiwan	Andy Chang, Audrey Tseng	Unqualified opinion
2017	PwC Taiwan	Andy Chang, Audrey Tseng	Unqualified opinion
2018	PwC Taiwan	Andy Chang, Audrey Tseng	Unqualified opinion

2019	PwC Taiwan	Andy Chang, Audrey Tseng	Unqualified opinion
2020	PwC Taiwan	Andy Chang, Wendy Liang	Unqualified opinion

2. If there was change/replacement of the CPA within the most recent 5 fiscal years, explanation made by the company's previous and current CPA over the causes for such change/replacement shall be set forth: The Group’s original CPAs were Andy Chang and Wendy Liang of PwC Taiwan. Due to the rotation requirement, the CPAs were changed to Wendy Liang and Alan Chien from the first quarter of 2021.

3. If the summary financial data of a foreign issuer for the last 7 consecutive years after public issue were audited and certified by the same CPAs in each of those years, the group shall explain the reasons for not changing the CPAs, the independence of the current CPAs, along with specific measures taken by the group to reinforce the CPAs' independence in certification: The Group does not have the same CPAs for 7 consecutive years.

2. Financial analysis for the most recent fiscal year

Year / Analysis item (Note 2)		Financial analysis for the most recent 3 fiscal years		
		2018	2019	2020
Financial structure	Debt ratio (%)	15.82	26.20	11.43
	Long-term fund to property, plant and equipment (%)	998.85	1,179.76	989.09
Solvency	Current ratio (%)	769.97	481.49	1,312.40
	Quick ratio (%)	648.32	397.93	1,175.61
	Times Interest Earned	The Group's profit before tax remain negative. It is therefore not meaningful for analysis.		
Operating capacity	Receivables turnover (per time)	6.19	7.03	8.13
	Average collection days for receivables	59	52	45
	Inventory turnover (per time)	0.52	0.72	1.12
	Payables turnover (per time)	3.27	4.81	5.67
	Average days of sale	702	507	326
	Property, plant, and equipment turnover ratio (per time)	0.96	2.15	3.57
	Total asset turnover ratio (per time)	0.09	0.17	0.31
Profitability	Return on total assets (%)	(62.94)	(44.36)	(10.29)
	Return on equity (%)	(75.66)	(58.14)	(12.80)
	Ratio of income before tax to paid-in capital (%)	(43.27)	(38.74)	(12.67)
	Profit ratio (%)	(727.04)	(267.52)	(34.61)
	Earnings per share (NT$)	(5.06)	(4.36)	(1.33)
Cash flow	Cash flow (%)	(521.39)	(279.81)	(188.61)
	Cash flow adequacy (%)	(1,128.34)	(864.28)	(595.00)
	Cash re-investment (%)	(59.53)	(48.34)	(12.83)

Year / Analysis item (Note 2)		Financial analysis for the most recent 3 fiscal years		
		2018	2019	2020
Leverage	Operating leverage	Not calculated as the Group's net operating is loss and the ratio is negative.		
	Financial leverage	1	1	1

Please explain the reason for ratio changes for financial information in the most recent 2 fiscal years. (Analysis may be exempted if the increase or decrease change does not reach 20%)

1. The Group’s financial ratios in 2020 that resulted in changes by more than 20% compared to 2019 are debt ratio, current ratio, quick ratio, inventory turnover, average days of sale, property, plant, and equipment turnover ratio, total asset turnover ratio, return on assets, return on equity, net income before income tax to paid-in capital ratio, net income ratio, earnings per share, cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio, and their respective reason for change:
   (1) Debt to assets ratio, current ratio, quick ratio: The decrease in debt to assets ratio and the increase in current ratio and quick ratio at the end of 2020 compared to 2019 were mainly due to the significant increase in cash due to the listing and issuance of new shares in June 2020.
   (2) Inventory turnover, average sales days: The increase in inventory turnover in 2020 compared to 2019 and decrease in average sales days compared to 2019 were primarily due to the increase in operating costs in 2020 as a result of the revenue growth.
   (3) Property, plant, and equipment turnover ratio and total asset turnover ratio: The increase in property, plant, and equipment turnover ratio, total asset turnover ratio in 2020 compared to 2019 was primarily due to the growth in revenue in 2020 compared to 2019.
   (4) Return on assets, return on equity, ratio of income before tax to paid-in capital, net income ratio and earnings per share: Return on assets, return on equity, ratio of income before tax to paid-in capital, net income ratio and earnings per share for 2020 are better than those for 2019, mainly due to the growth in revenue and decrease in net loss for 2020 from 2019.
   (5) Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: As the Group’s operation scale gradually grew, the performance of cash flow ratio and cash flow adequacy in 2020 was better than in 2019 due to the increase of current assets and decrease of liabilities.

Note: The following calculation formula should be shown at the end of this table in the annual report.

1. Financial structure
   (1) Debt-to-asset Ratio = total liabilities/total assets.
   (2) Ratio of Long-term Funds to Property, Plant, and Equipment＝(total equity＋non-current liabilities)/net worth of property, plant, and equipment.
2. Solvency
   (1) Liquidity Ratio = current assets/current liabilities.
   (2) Quick Ratio = (current assets – inventory – prepaid expenses)/current liabilities.
   (3) Times Interest Earned = income before income tax and interest expenses/current interest expenses.
3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = net sales amount/average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
   (2) Average Collection Days for Receivables = 365/turnover of receivables.
   (3) Inventory Turnover = cost of goods sold/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = cost of goods sold/average payables (including accounts payable and notes payable arising from business operations) for each period.
   (5) Average Days of Sale = 365/inventory turnover.
   (6) Turnover of Property, Plant, and Equipment = net sales amount/average net worth of property, plant, and equipment.
   (7) Total Assets Turnover = net sales amount/average total assets.
4. Profitability
   (1) Return on Assets = [post-tax profit or loss + interest expenses × (1- tax rate)]/average total assets.
   (2) Return on Equity = post-tax profit or loss/average total equity.
   (3) Profit Margin = post-tax profit or loss/net sales amount.
   (4) Earnings per Share (EPS) = (profit and loss attributable to owners of the parent – dividends on preferred shares)/weighted average number of issued shares.
5. Cash flow
   (1) Cash Flow Ratio = net cash flow from operating activities/current liabilities.

(2) Net Cash Flow Adequacy Ratio = net cash flow from operating activities for the last five years/(capital expenditures + inventory increase + cash dividends for the last five years).
(3) Cash Re-investment Ratio = (net cash flow from operating activities – cash dividends)/gross property, plant, and equipment value + long-term investment + other non-current assets + working capital).

6. Leveraging:
(1) Operating Leverage = (net operating revenue – variable operating costs and expenses)/operating income.
(2) (2) Financial Leverage = operating income/(operating income - interest expenses).

3. Audit Committee’s review report for the last annual financial report

Applied BioCode Corporation
Audit Committee's Review Report

We have examined the 2020 Business Report, consolidated financial statements and deficit compensation prepared by the Board of Directors, in which CPAs Andy Chang and Wendy Liang from PricewaterhouseCoopers, Taiwan audited the financial statements and issued an audit report. All Audit Committee members do not identify inconsistencies in the abovementioned business report, consolidated financial statements, and deficit compensation. We hereby issue this review report in accordance with Article 219 of Company Act and Article 14-4 of Securities and Exchange Act and submit it for your review.

To

2021 Annual General Meeting of Applied BioCode Corporation

Applied BioCode Corporation

Convener of the Audit Committee: Tsai Wen-Jing

Date: March 19, 2021

4. Audited Financial Report of last fiscal year: Please refer to pages 152 to 207 of the annual report.
5. Standalone Audited Financial Report of last fiscal year: Not applicable.
6. If the group or its affiliated enterprises have experienced financial difficulties in the most recent fiscal year and up to the date of publication of the annual report, and explain impact : Not applicable

VII. Analysis of Financial Position, Performance, and Risk

1. Financial position

List the main reasons for any material change in the company's assets, liabilities, or equity during the most recent 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, describe the measures to be taken in response:

Unit: NT$ thousand

Item \ Year	2019	2020	Difference	
			Increase (decrease) amount	Change ratio (%)
Current asset	540,039	1,021,077	481,038	89.07
Property, Plant and Equipment	51,438	116,210	64,772	125.92
Right-of-use asset	69,512	55,309	(14,203)	(20.43)
Intangible asset	21,974	17,196	(4,778)	(21.74)
Other assets	36,044	17,429	(18,615)	(51.65)
Total assets	719,007	1,227,221	508,214	70.68
Current liabilities	112,160	77,802	(34,358)	(30.63)
Non-current liabilities	76,197	62,424	(13,773)	(18.08)
Total liabilities	188,357	140,226	(48,131)	(25.55)
Equity attributable to parent company owners	530,650	1,086,995	556,345	104.84
Share capital	722,854	816,390	93,536	12.94
Additional paid-in capital	770,920	1,394,683	623,763	80.91
Retained earnings (for making up losses)	(948,612)	(1,052,108)	103,496	10.91
Other items in shareholders' equity	(14,512)	(71,970)	57,458	395.93
Total shareholders' equity	530,650	1,086,995	556,345	104.84

1.The change ratio reaches over 20% and the amount of change reaching NT$10 million or more, and the main reason and their effects are as follows:

(1) Current assets: Current assets increased in 2020 from the end of 2019 mainly due to the increase in current assets at the end of 2020 as a result of the listing of shares and fundraising in 2020.

(2) Property, plant and equipment: Property, plant and equipment increased at the end of 2020 from the end of 2019 mainly due to the relocation of new plants, renovations and equipment purchases, as well as the increase in multiplex molecular diagnostic instruments (MDx3000) in response to demand from new customers, resulting in the increase in property, plant and equipment at the end of 2020.

(3) Right-of-use assets and intangible assets: The decrease in right-of-use assets and intangible assets at the end of 2020 compared to the end of 2019 was mainly due to the amortization of right-of-use assets and intangible assets.

(4) Other assets: The decrease in other assets at the end of 2020 compared to the end of 2019 was mainly due to the realization of prepayment for renovation in 2020.

Item \ Year	2019	2020	Difference	
			Increase (decrease) amount	Change ratio (%)

(5) Current liabilities: The decrease in current liabilities at the end of 2020 from 2019 was mainly due to repayment of short-term loans.

(6) Capital surplus: The increase in capital surplus at the end of 2020 from 2019 was mainly due to the listing and issuance of new shares in 2020.

2. Measures to be taken in response:

In summary, the increase of the Group's balance sheet accounts at the end of 2020 from 2019 was mainly due to the issuance of new shares, financing repayment, and operating losses incurred; therefore measures to be taken in response are as follows:

Measures to be taken in response to operating Losses

A. Expand market sales

Aside from selling BMBs and instruments, our self-developed 17-Plex Gastrointestinal Pathogen Panels, MDx 3000 and upper respiratory tract multi-multiplex panel products have received USFDA Clearance on September 29, 2018, and December 24, 2019,respectively, Taiwan time. As for the nucleic acid test for COVID-19 developed by the Group, not only did we receive the USFDA's EUA on June 16, 2020, and began shipping in July 2020. On December 8, 2020, we also received the USFDA's EUA for Pooling Testing. On the 25th of the same month, we filed an emergency authorization application with the USFDA for our self-developed COVID-19 plus influenza virus assay. Therefore, we expect to enhance our revenue or profitability in the future with the expansion of a number of products in the market.

B. Continuous development of new products

ABC-KY continues to develop panel products such as fungal pathogen, urinal track infection, drug resistant markers, sexually transmitted disease (gynecology) and low respiratory pathogen panels. Among these, fungal pathogen panels are expected to be developed in the second quarter of 2021.

2. Financial performance

(1) List the main reasons for any material change in operating revenues, operating income, or income before tax during the most recent 2 fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the company's financial operations as well as measures to be taken in response:

Unit: NT$ thousand

Item \ Year	2019	2020	Difference	
			Increase (decrease) amount	Change ratio (%)
Net sales	104,694	299,015	194,321	185.61
Cost of goods sold	(51,725)	(105,491)	53,766	103.95
Gross profit	52,969	193,524	140,555	265.35
Operating expenses	(328,042)	(327,038)	(1,004)	(0.31)
Net operating income (loss)	(275,073)	(133,514)	(141,559)	(51.46)
Non-operating icome(loss)	(4,976)	30,042	35,018	703.74
Profit (losses) before tax	(280,049)	(103,472)	(176,577)	(63.05)
Income tax (expense)	(24)	(24)	0	0.00
Current net income (loss)	(280,073)	(103,496)	(176,577)	(63.05)
Other comprehensive income (loss) recognized in the current period	(19,616)	(58,289)	38,673	(197.15)
Current total comprehensive loss	(299,689)	(161,785)	(137,904)	(46.02)

The change ratio reaches over 20% and the amount of change reaching NT$10 million or more, and the main reason and their effects are as follows:

(1) Net sales: The increase in net sales in 2020 compared to 2019 was mainly due to the growth in sales of various multiplex Gastrointestinal Pathogen Panels by our U.S. subsidiary.

(2) Cost of goods sold and gross profit: The cost of goods sold increased in 2020 as the revenue grew. The increase in gross margin in 2020 from 2019 was mainly due to the sales of various multiplex panels with high gross margins.

(3) Net operating loss, net loss before tax and net loss after tax: The decrease in net operating loss , net loss before tax and net loss after tax in 2020 from 2019 was mainly due to the sales of various multiplex panels with high gross margins.

(4) Non-operating income(loss): The increase in non-operating income(loss) in 2020 from 2019 was mainly due to the increase in other income from the exemption of repayment of the U.S. Federal Government’s Paycheck Protection Program (PPP) for SMEs due to the pandemic outbreak.

Item \ Year	2019	2020	Difference	
			Increase (decrease) amount	Change ratio (%)
(5) Other comprehensive net loss and total comprehensive income (loss) for the period: The increase in other comprehensive net loss and the decrease in total comprehensive loss for the period in 2020 from 2019 were mainly due to the increase in cumulative translation adjustments and the decrease in net loss for the period as presented in the Group's financial statements.				

(2) Provide a sales volume forecast and the basis, and describe the effect upon the company's financial operations as well as measures to be taken in response

As of the publication date of the annual report, aside from selling BMBs and instruments, 17-Plex Gastrointestinal Pathogen Panels, upper respiratory tract multi-multiplex panels, and Sars-CoV-2 (including Pooling Testing) products, we have also received the USFDA's EUA for Covid Flu Plus, and multiplex fungal panels are also expected to enter the market in the 4th quarter of this year. The Group's expected sales volume is based on the market forecast of major customers, past product sales status, customers' annual procurement plans, licensed customers' agreement, business plans of licensed customers, new customer development and business growth of existing customers. At the same time, to be able to set a shipping goal, the Group also takes into account factors of the material condition of primary raw materials and the production capacity and delivery time of suppliers. Not only does the Group adopt its original business model of licensing its patented platforms and technologies to a number of strategic customers in various industries and regions, it is at the same time adding new diagnostic panels for the Group to sell so that products and customers are more diverse in the future. Therefore, there should be no material adverse effect on the future financial development of the Group.

(3) Describe the effect upon the company's financial operations as well as measures to be taken in response.

The Group has a robust financial structure and continues to deepen its operational management and reasonable control of costs for future business growth needs.

3. Cash flow

(1) Describe and analyze any cash flow changes in the most recent 2 fiscal years

Unit: NT$ thousand

Item \ Year	2019	2020	Difference	
	Amount	Amount	Increase (decrease) amount	Change ratio (%)
Net cash inflow (outflow) from operating activities	(313,838)	(146,741)	(167,097)	(53.24)
Net cash inflow (outflow) from investing activities	(146,274)	86,564	232,838	159.18
Net cash inflows from	439,241	656,762	217,521	49.52

financing activities				
Analysis of changes in cash flows: 1. Operating activities: The decrease in net cash outflow from operating activities in 2020 from 2019 was mainly due to the increase in accounts receivable and increase in purchases for inventory due to the growth in sales of various multiplex panels in the U.S. subsidiary. 2. Investing activities: The increase in net cash inflow from investing activities in 2020 from 2019 was mainly due to the repayment of loans and release of restricted deposits in 2020. 3. Fundraising activities: The increase in net cash inflow from financing activities was mainly due to the listing and issuance of new shares in 2020.				

(2) Measures to be taken in response to illiquidity:

In 2020, the Group increased revenue from a number of multiplex panels. However, given that the sales volume of each product segment has not grown enough to support the Group's operating expenses, we will dedicate ourselves to the sales expansion of each product segment and the development of new products. In the future, we will also inject our working capital by improving our revenue and profitability, and also apply for the secondary public offering (SPO) at an appropriate time to expand our source of working capital.

(3) Analysis of cash liquidity in the coming year (2021)

Unit: NT$ thousand

Beginning cash balance (1)	Estimated full-year net cash flows from operating activities (2)	Estimated full-year net cash flows from investing activities (3)	Estimated full-year net cash flows from financing activities (4)	Expected cash surplus (deficit) (1)+(2)+(3)+(4)	Expected remedies for cash deficits	
					Investment plan	Financing plan
847,910	(261,852)	(35,400)	—	550,658	—	—

1. Cash flow analysis for the coming year
   (1) Operating activities: The Group's 2021 operating activities are expected to include primarily the sales of in-vitro diagnostics assay products: gastrointestinal panels, respiratory pathway panels, Sars-CoV-2, Pooling, Covid Flu Plus and fungal panels, sales of BMBs and instruments to licensed customers as well as technology license royalty income. We will also carry on with research and development activities, including the feasibility study of allergen-containing immune products and the automation of immunology product testing devices. The increase in sales and customer service teams will be the main content of cash outflow from operating activities.
   (2) Investment activities: The Group's main investment activity in 2021 are expected to be the purchase of MDx3000.

2. Insufficient cash is not expected to be a concern.

4. Impact to Finance and Business from Major Capital Expenditure on financial business

5. In 2020, the cash outflow for the Group's property, plant and equipment reached NT$27,580 thousand. However, with the completion of the relocation of the new plant, renovation and purchase of equipment, there will only be purchases for MDx3000 and the replacement of equipment in the future. Therefore, there should be no significant adverse effect on the Group's financial position due to the increase in capital expenditure.

5. Investment Policies of last fiscal year, causes of profit or loss, improvement plan and upcoming year's investment plans

(1) Investment policy for the most recent fiscal year:

The Group's current investment policy is to invest in targets related to the development of the industry; the Company is not engaged in investments in other industries.

(2) The main reasons for the profits or losses on investment and improvement plans:

The operational losses of the Group's investee companies: ABC-US and ABC-TW in 2020 were mainly due to research and development of next-generation products and are not yet profitable despite the significant increase in revenue by the end of 2020. Apart from BMBs, instruments and a number of multiplex panels, Covid Flu Plus and fungal panels will be added to our operations in 2021. Therefore, it is expected that the Group's revenue or profitability will improve in the future with the investee companies' commitment to developing products for the market.

(3) Investment plans for the coming year:

Since a number of multiplex molecular panel products entered the market, it is expected that the subsidiary ABC-US will increase its production in the coming year. Given that the sub-subsidiary, ABC-TW, entered its mass production stage of Barcoded Magnetic Beads (BMB) in Q1 2021 in an attempt to support the future operating capital needs of both ABC-US and ABC-TW, the Group will evaluate the amount and means of direct or indirect capital to be injected into the investee company depending on actual developments in the future.

6. Risk Management and Assessment

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

1. Interest rate change

In 2019 and 2020, the Group's interest income totaled NT$1,769 thousand and NT$3,732 thousand, respectively, representing 0.63% and 3.61% of the net loss before tax, respectively; in 2019 and 2020, interest expense totaled NT$6,589 thousand and NT$4,313 thousand, respectively, representing 2.35% and 4.17% of the net loss before tax, respectively. Therefore, the change in interest rate does not have a significant impact on the Group. The Group maintains a positive relationship with banks and has finance personnel in place to keep a close eye on interest changes in the market. In the future, we will take actions to reduce the impact on the Group's profit or loss in the event of significant changes in interest rates on borrowings from banks.

2. Exchange rate change

The functional currencies of the Group's daily operations are U.S. dollars and New Taiwan dollars. Given that the main operating place of business is in the U.S, the U.S. dollars are currently used as the main currency for purchasing and selling, so the impact of foreign exchange gains and losses is limited. The currency position in the accounts related to contract negotiations or transaction payments is considered to reduce the risk arising from exchange rate changes. Additionally, the Group's financial personnel keep track of the movement of major currencies and changes of global noneconomic factors to control and adjust the positions of each currency in a timely manner to minimize the impact of exchange rate changes.

3. Inflation

The Group's payment terms for purchasing and selling have not been too long so far, and given that the Group monitors the price changes for raw materials or parts and components and have always kept a sound relationship with suppliers and customers, the significant impact of short-term price fluctuations on operations is avoided. In the future, the Group will continue to attach great importance to the impact of inflation while also maintaining a good relationship with counterparties, reducing inflation.

(2) Main reasons and corresponding future measures of policies for engaging in highly risky and highly leveraged investments, lending funds to others, endorsements and guarantees and derivatives transactions:

As of the annual report's publication date, the Group has not been engaged in highly risky, highly leveraged investments or derivatives transactions. Nor has the Group provided loans to others since 2020. In terms of providing endorsements/guarantees, the Group guaranteed ABC-US primarily due to applying for the bank loan line. The loan expired in May 2020 and there is no endorsement/guarantee line as of now. The abovementioned transactions were discussed and approved by the Board of Directors. The procedures were carried out in accordance with the regulations. The Group has formulated the "Procedures for Acquisition or Disposal of Assets," the "Operational Procedures for Loaning Funds to Others," and the "Procedures for Endorsements/Guarantees" which have all been approved by shareholders meetings. The Group handles related matters in accordance with these measures.

(3) Future R&D projects and estimated R&D budget:

The Group continues to invest in R&D resources for the development of the efficiency improvement of multiplex diagnostic testing systems, instruments and all types of diagnostic panels while also focusing on feasibility studies of immunology products and automated immunoassay systems. The estimated R&D budget will be set according to each product's progress, including R&D technical personnel, equipment, technological development, and clinical trials, to continue enhancing the Group's competitive advantage.

(4) Impact on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Group is registered in the Cayman Islands and its principal place of business is the U.S. The main economic activity of the Cayman Islands is financial services, while the U.S. is one of the world's major economies with stable economic development and political environment. The Group abides by domestic and international important policies and laws when conducting businesses. In the most recent fiscal year and as of the publication date of the annual report, there were no material events affecting the Group's financial operations due to changes in important policies and laws from the aforementioned regions. Meanwhile, the Group pays close attention to domestic and international policy trends and regulatory changes. Lawyers, accountants and other professional sectors are consulted where there are changes in order to respond to the market while adopting suitable countermeasures in a timely manner.

(5) Impact on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The Group monitors the impact of technological and industrial changes on the Group closely while paying close attention to the development of multiplex diagnostic testing technology and the biotechnology and medical industry dynamics. By grasping the R&D progress of products and

adjusting the allocation of resources, the impact of technological and industrial changes in the future will be minimized.

(6) Impact on the company's crisis management of changes in the company's corporate image, and corresponding measures to be taken in response

Since the establishment, the Group adheres to the corporate spirit of integrity and sustainable management. The Group does not cease to strengthen the corporate management and improve operational efficiency, striving to maintain its good corporate image and sound and harmonious industrial relations so as to attract more talented people to make a difference in the Company. To date, no incidents have happened that would affect the Company's corporate image, and there are no plans for corporate image changes.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and corresponding measures being or to be taken

As of the publication date of the annual report, the Group has no M&R plans. If there is a plan in the future to carry out such operation, the Group will handle related matters in accordance with the local laws and regulations as well as the applicable measures formulated by the Group to ensure the Group's interests and shareholders' equity.

(8) Expected benefits and possible risks associated with any plant expansion, and corresponding measures being or to be taken

As of the publication date of the annual report, the Group has no plant expansion plans. -

(9) Risks associated with any consolidation of sales or purchasing operations, and corresponding measures being or to be taken

The Group's largest supplier accounted for approximately 25.56% and 44.02% of the total purchase amount in 2019 and 2020,respectively. The purchases from the largest supplier were slightly higher in 2020 mainly due to the purchase of polymerase, an upstream material for Sars-CoV-2 panels. The Group maintains an excellent partnership with its suppliers and carries out price comparisons and raw material quality analyses of each supplier. It is expected that as assays are added to sales and overall revenue increases, and become more scalable, there will be a second or third source of supply for the purchase of each raw material, thereby reducing the proportion of purchases from a single supplier.

In 2019 and 2020, the Group's top customers accounted for 41.77% and 29.91% of net revenue, respectively. The decrease in sales concentration was mainly due to the number of customers for the Group's multiplex molecular panels increasing to 12 in 2020. With the increase of product lines, the Group will commit itself to marketing, while at the same time collaborating with its licensed parties to expand the digital multiplex biopanel platform market, hoping to achieve revenue scaling, further reducing the proportion of sales to a single customer.

(10) Impact upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and corresponding measures being or to be taken: None.

(11) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president,

any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(12) Impact upon and risk to the company associated with any change in governance personnel or top management, and corresponding measures being or to be taken: As of the publication date of the annual report, there was no change in the the Group's operating right.

(13) Other important risks and corresponding measures

1. Risks of the protection of shareholders' equity

As the Company Law of the Cayman Islands is very different from the Company Act in Taiwan, the Group has amended the "Articles of Incorporation" in accordance with the "Checklist of Shareholders' Equity Protection" promulgated by Taipei Exchange (TPEx). However, in the matter of company operations, there are many differences between these 2 countries, resulting in investors' inability to apply the legal protection of Taiwan's Company Act to the Cayman Islands where they invest in. Investors must thoroughly understand the laws and regulations regarding investing in the Cayman Islands and seek advice from experts to get hold of the differences regarding the protection of shareholders' equity.

2. Risks in relation to the statements made in the annual report

(1) Facts and statistics

Information and statistics in this annual report were obtained from various statistical publications. However, such information obtained may be inaccurate, incomplete or not up-to-date. The Group makes no declaration as to the truth or accuracy of such statements, and investors should not be overly dependent on such information when making their investment judgments.

(2) Forward-looking statements and risks and uncertainties contained in this annual report

This annual report contains certain forward-looking statements and information about the Group and its subsidiaries. Such statements and information are based on the beliefs and assumptions of the Group's management and information currently held. Words including "anticipate," "believe," "can," "expect," "future, "intend," "may," "must," "plan," "estimate," "seek," "should," "will," "maybe," "hope" and words of similar meaning contained in this annual report refer to forward-looking statements when used concerning the Group or the Group's management. Such statements reflect the group management's current views regarding future events, operations, liquidity, and sources of funds; certain viewpoints may not be realized or may be subject to change. These statements may be affected by certain risks, uncertainties and assumptions, including other risks stated in this annual report. Investors should make careful considerations and rely on any forward-looking statements that involve known and unknown risks and uncertainties. Risks and uncertainties faced by the Group could affect the accuracy of the forward-looking statements.

The Group does not update the forward-looking statements in this annual report nor does it make amendments to reflect future events or information. Based on these risks and other risks, uncertainties, and assumptions, this annual report's forward-looking statements and circumstances may not occur in an anticipated manner or may not even occur at all. Hence, investors should not rely on any forward-looking statements.

3. Cash dividend distribution and taxation

Applied BioCode Corporation was organized under the law of the Cayman Islands. Upon the restructuring of its organizational and investment structure, the shares of Applied BioCode,

Inc. were acquired through a share swap among all shareholders. As a result, the Company's shareholder structure is the same as the Applied BioCode, Inc. prior to the restructuring. Based on the U.S. federal income tax regulations, the Company is deemed a U.S. corporation and should file federal income tax returns according to the federal income tax policy. In the event of the Group distributing cash dividends to non-U.S. shareholders in the future, the Company should pay tax as a U.S. Company and file U.S. corporate income tax returns. For example: when the Company distributes cash dividends to non-U.S. shareholders, it generally requires to withhold 30% tax on behalf of the non-U.S. shareholders, which is one of the investment risks for investors.

4. Overall economic, political and economic environment, foreign exchange, and legal risks

   Because the Company is domiciled in the Cayman Islands and its principal place of business is in the U.S, the overall economic and political environment changes and fluctuations in foreign exchange rates between the Cayman Islands and the U.S. affect the Group's operating condition.

5. The Company is a holding company. It depends on its subsidiaries' performances and their ability to distribute dividends while being restricted to their payment of dividends and the transfer of funds.

   The Company is a holding company incorporated in the Cayman Islands; it has no commercial operations and revenue sources, and its source of profit mainly depends on its operating subsidiaries. The Group's subsidiary in the U.S. is the Group's vital source of operating income. Therefore, the Group's cash dividend distribution is affected by the subsidiary's cash dividend distribution or the retention of surplus.

   Moreover, the subsidiary's cash dividend distribution is subject to restrictions of the laws of dividends, revenue remittance, cash transfer and foreign exchange controls in the countries in which they are paid. The payment is also affected by the foreign exchange rates, which the Group has no control over.

   The Group's subsidiaries are separate and independent corporations. In the event of bankruptcy, insolvency, restructuring, liquidation or asset realization of a subsidiary, assets acquired by the Group or the order of distribution will be inferior to the subsidiary's creditors, including the subsidiary's trading partners.

   The distribution of the Group's dividends or other benefits is handled in accordance with applicable regulations. It is advised that investors should understand the taxation policy of the investment in the holding company and seek advice from experts.

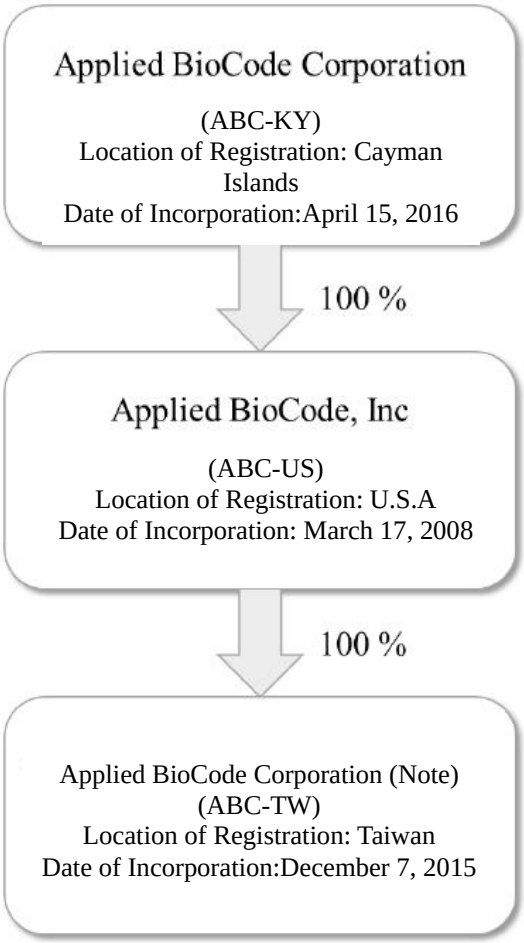
6. Please refer to pages 135-139 regarding the favorable and unfavorable factors concerning the Group's future development and their corresponding measures for other important risks and corresponding measures about the Group's operations. However, such corresponding measures may not be fully enforced due to force majeure and other factors. Their related risks may still affect the Group's business, operating results and financial condition.

7. Other important disclosures: None.

VIII. Special disclosures

1. Information of Affiliates

(1) Organizational table of affiliated enterprises



(2) Basic information of affiliated enterprises

31 December, 2020; NT$thousand

Company name	Date of incorporation	Address	Paid-in Capital	Primary business or Production
Applied BioCode Corporation	2016/04/15	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	816,390	Researching and developing multiplex diagnostic platform technologies and development, production and sales of testing instruments, magnetic beads and assays
Applied BioCode, Inc.	2008/03/17	12130 Mora Drive, Unit 2, Santa Fe Springs, CA 90670	1,598,105	R&D, production, sales and leasing of platform technologies and products including BMB, assay and instruments and products for in-vitro diagnostics assays (multivariate panels).
ABC-TW	2015/12/07	6F, No. 1, Lane 28, Xingzhong	75,350	R&D, production, and

		Road, Neihu District, Taipei City		sales of platform technologies and products including BMB, assay and instruments and products for in-vitro diagnostics assays (multivariate panels).

(3) Information on the same shareholders who are presumed to have a relationship of control and subordination: None.

(4) The industries covered by the business operated by the overall affiliated enterprises: The main businesses of the overall affiliated enterprises of the Group's investment include researching and developing multiplex diagnostic platform technologies and development, production and sales of testing instruments, magnetic beads and panels.

(5) Information on directors, supervisors and presidents of affiliated enterprises

Company name	Position	Name or representative	Number of shares held (capital contribution)	Percentage of shares held(capital contribution)
Applied BioCode, Inc.	President / Director	Winston Z. Ho	-	-
	Directors	George J. Lee	-	-
	Directors	Richard Chang (Note 1)	-	-
	Directors	Benjamin Jen	-	-
ABC-TW	Directors	George J. Lee	-	-
	Directors	Winston Z. Ho	-	-
	Directors	Benjamin Jen	-	-
	Supervisor	Ruei-E Tang (Note 2)	-	-

Note 1: Director, Richard Chang resigned on August 31, 2020.
Note 2: Supervisor, Ruei-E Tang assumed on May 26, 2020.

(6) Operational overview of affiliated enterprises

December 31, 2020; NT$thousand

Company name	Capital	Total asset value	Total liabilities	Net worth	Net sales	Operating (loss) income	Current profit and loss (post tax)	Earnings per share (NT$) (post tax)
Applied BioCode, Inc.	1,598,105	777,797	155,686	622,111	300,148	(86,396)	(75,742)	(1.76)
ABC-TW	75,350	33,462	8,199	25,263	3,992	(18,683)	(15,800)	(2.09)

(7) Consolidated financial statements of affiliated enterprises: Please refer to the financial statements on pages 152 to 207 in the annual report.

(8) Consolidated business reports of affiliated enterprises: The Group is not a subordinate company as stipulated in the chapter regarding affiliated enterprises in the Company Act. It is therefore not applicable.

2. Issuance of Securities through Private Placement in the most recent fiscal year and up to publication date of the annual report: None.

3. The holding or disposal of the Group's equity by the its Subsidiary: None.

4. Other required amended explanation

(1) Internal control system implementation status

1. The CPA's recommendations for improving the internal control in the most recent 3 fiscal years

Year	recommendations by the CPAs	Status
2018	None	None
2019	None	None

2020	None	None

2. Major flaws discovered through internal auditing in the most recent 3 fiscal years: There are no major flaws so far.
3. Internal control statement: Please refer to page 32.
4. Where the company has retained CPAs to exclusively review its internal control systems, the prospectus shall set forth the reason for doing so, the CPAs' review opinions, measures the company has taken for improvement, and the condition of improvement on lacking items: In the opinion of the CPAs of PwC Taiwan, the Group maintained, in all material respects, effective internal controls over external financial reporting and assets safeguard, based on the criteria of effective internal controls set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

(2) An explanation of any material differences from the rules of Taiwan in relation to the protection of shareholders' equity.

Explanation of any material differences from the rules of Taiwan in relation to the protection of shareholders' equity.

The Group has amended the "Articles of Incorporation" regarding important matters of the protection of shareholders' equity in accordance with the "Checklist of Shareholders' Equity Protection and Interests in the Country of Registration of Foreign Issuers" ("Checklist of Shareholders' Equity Protection") promulgated by Taiwan Stock Exchange (TWSE) on December 25, 2019. However, certain important measures of the protection of shareholders' equity are not applicable under the Cayman Islands laws and are therefore not amended in the Company's Articles of Incorporation. Differences between the Articles of Incorporation and the important matters of shareholders' equity protection are as follows:

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
1. The shareholders' meeting shall be held in the territory of the Taiwan. If a shareholders meeting is convened outside of Taiwan, it shall be resolved by the Board meeting or shareholders meeting and gain permission from the competent authorities. It shall then be reported to the TWSE for approval within 2 days after the permission is gained by the competent authorities. 2. Any or a plural number of shareholder(s) of a company which has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for	1. In terms of convening shareholders meeting by shareholders, given the fact that the Company Law of the Cayman Islands does not have special provisions governing the convening of shareholders meetings; therefore, Article 19.6 of the Company's Articles of Incorporation does not stipulate that the shareholders shall report to the competent authorities for approval prior to convening an extraordinarily shareholders meeting by themselves. 2. Furthermore, if shareholders wish to convene a shareholders meeting outside of Taiwan, it is stipulated in Article 19.6 of the Company's Articles of Incorporation that it is required that the meeting must obtain permission from the TWSE or the TPEx in advance. Given that a special shareholders meeting does not require permission from the local authority of the Cayman Islands, the requirements in the "Checklist of Shareholders' Equity Protection" - "report to the TWSE for approval within two days after shareholders obtain approval from the competent authority for the convening of the meeting" do not apply. This part should have no material impact on the rights of Taiwanese shareholders.

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining approval from the competent authority, convene a special meeting of shareholders on his/their own.	
1. When convening a shareholders meeting, the Company may exercise its voting rights of correspondence or electronic means. Where a company meets requirements of the "Applicable Scope of Electronic Voting for Companies" released by Taiwan's securities authority, it may include electronic means as one of the voting rights outlets. 2. If a shareholders meeting is held outside of Taiwan, the Company shall provide shareholders voting rights of correspondence or electronic means. 3. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. But to have waived his/her rights concerning the extraordinary motions and amendments to original proposals of that meeting;	In terms of exercising shareholder voting rights by correspondence or electronic means, the Company Law of the Cayman Islands does not mention whether a shareholder excising his/her voting rights by correspondence or electronic means is deemed to have attended the meeting in person, and lawyers of Cayman Islands have not discovered related cases. To make other arrangements, Article 25.4 of the Company's Articles of Incorporation stipulates that "a shareholder exercising his/her voting at a shareholders meeting by correspondence or electronic means is deemed to have appointed the chair of the meeting as its proxy. His/her voting rights must be exercised as instructed by correspondence or electronic documents. The meeting chair may not exercise his/her voting rights on behalf of the shareholder in matters not mentioned or set out in correspondence or electronic means, and/or amendments to the original motion proposed at the shareholders' meeting. To avoid doubts, such shareholder who exercises his/her voting rights through such means shall be deemed to have waived his/her rights concerning the extraordinary motions and amendments to original proposals of that meeting." The voting rights of the chair acting as a proxy at the shareholders' meeting may not exceed 3% of the total voting rights of the issued shares as stipulated in Article 26.3 of the Company's Articles of Incorporation.
For the following resolutions involving significant shareholders' interests, they shall be approved by a majority vote at a meeting of shareholders attended by	1. In terms of the resolution method at a shareholders meeting - in addition to the ordinary resolutions and major resolutions under Taiwan's laws, "Special Resolution" under the Company Law of the Cayman Islands is stipulated in Article 1.1 of the Company's

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
shareholders representing two-thirds or more of the total number of the issued shares of the company. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company. 1. Enter into, amend, or terminate any contract for lease of the company's business in whole, or entrusted business, or regular joint operation with others; transfer the whole or any essential part of its business or assets; or accept the transfer of another whole business or assets, which has great bearing on the business operation of the company. 2. Change in the Articles of Incorporation 3. Changes in the Articles of Incorporation that damage preferred shareholders' rights shall be subject to resolution at the special shareholders' meeting. 4. Dividends and bonuses in whole or in part distributed in the form of new shares to be issued 5. A resolution for dissolution, consolidation or merger, or split-up of a company 6. Share conversion	Articles of Incorporation. It refers to a resolution passed at the Company's shareholders meeting who have voting rights either attended in person or by a power of attorney, or by a proxy legally authorized by a corporate shareholder or non-natural person. After calculating the number of voting rights of each shareholder, the resolution shall be approved by at least two-thirds of the voting rights of all attending shareholders. 2. In accordance with the Company Law of the Cayman Islands, the following matters shall be resolved by special resolution: (1) Change in the Articles of Incorporation In accordance with the Cayman Islands laws, making changes in the Articles of Incorporation must be performed through a special resolution. Therefore, Article 12.1 of the Company's Articles of Incorporation regarding the resolution threshold of changing the Articles of Incorporation has not been changed to a major resolution as required by the "Checklist of Shareholders' Equity Protection" under Taiwan's laws. In addition, According to Article 13 of the Company's Articles of Incorporation, if any amendment or change made in the Articles of Incorporation would impair the preferential rights of any types of shares, such amendment or change shall be subject to approval by a special resolution. Shareholders holding such type of impaired shares shall convene a separate meeting and pass the motion by special resolution. (2) Dissolution Under the Cayman Islands laws, if a company resolves to voluntarily liquidate and dissolve because it is unable to pay its debts as they fall due, the dissolution shall be resolved by the shareholders' meeting. However, suppose a company resolves to voluntarily liquidate and dissolve for reasons other than those mentioned above. In that case, the dissolution shall be made through a special resolution as required by the Company Law of the Cayman Islands. Hence, Article 12.4 of the Company's Articles of Incorporation (a) "the resolution threshold for voluntary liquidation and dissolution of the Company for the reason the Company is unable to pay its debts as they fall due"

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
	has not been changed to a major resolution as required by the "Checklist of Shareholders' Equity Protection" under Taiwan's laws. (3) Merger As there are mandatory provisions of the Company Law of the Cayman Islands regarding the voting manner of "Merger as defined by the laws of the Cayman Islands," Article 12.3 of the Company's Articles of Incorporation (b) provides "Merger" (except for any Merger which falls within the definition of "merger and/or consolidation" under the Company Law of the Cayman Islands that requires only a special resolution) that shall be approved by a major resolution. 3. The difference between the above matters and the Checklist of Shareholders' Equity Protection is important motions regarding the protection of shareholders' equity should be resolved by a major resolution and special resolution, respectively, in the Company's Articles of Incorporation. As these differences arise due to the laws of the Cayman Islands, the Company's Articles of Incorporations clearly stipulate major resolutions and special resolutions for the protection of important matters regarding shareholders' equity. Therefore, the effect on the shareholders' equity shall be limited.
1. Supervisors of a company shall be elected by the meeting of shareholders. Among them, at least one supervisor shall have a domicile within the territory of Taiwan. 2. The term of office of a supervisor shall not exceed three years, but he/she may be eligible for re-election. 3. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene a special meeting of shareholders to elect new supervisors. 4. Supervisors shall supervise the execution of business operations of the company, and may at any	The Company Law of the Cayman Islands does not have the concept of "supervisor." Issuing companies set up Audit Committees and there are no supervisors. Therefore, there are no provisions with regards to supervisors in the Articles of Incorporation.

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
time or from time to time investigate the business and financial conditions of the company, inspect, transcribe or make copies of the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. 5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders. 6. Supervisors may appoint a practicing lawyer on behalf of the Company and a certified public account to conduct the review matters. 7. Supervisors of a company may attend the meeting of the board of directors to express their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act. 8. Supervisor may each exercise the supervision power individually. 9. A supervisor shall not be concurrently a director, a managerial officer or other staff/employee of the company.	

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the company over six months may request in writing the supervisors of the company to institute, for the company, an action against a director of the company. The Taiwan Taipei District Court shall be the court of the first instance. 2. If the supervisor does not institute proceedings within 30 days after the shareholder's request, the shareholder may institute proceedings on behalf of the company, and the Taiwan Taipei District Court shall be the court of the first instance. 3. Subject to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors or independent directors of the Audit Committee may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary.	As there is no equivalent concept of supervisor under the laws of Cayman Islands, and the company has set up an Audit Committee. Therefore, there are no provisions with regards to supervisors in the Articles of Incorporation. However, subject to the provisions stipulated in Article 214 of Taiwan's Company Act regarding minority shareholders requesting to institute proceedings against directors, Article 48.3 of the company's Articles of Incorporation stipulates "within the permission scope of the laws of the Cayman Islands, a shareholder who has continuously held more than one percent of the company's issued shares for 6 months or more may: (a) requesting in writing that the Board of Directors to authorize the independent directors of the Audit Committee to institute proceedings against the director on behalf of the group, and the Taiwan Taipei District Court shall be the court of the first instance; or (b) requesting in writing that independent directors of the Audit Committee to institute proceedings against the director on behalf of the group, and the Taiwan Taipei District Court shall be the court of the first instance. Within 30 days after the request is made in accordance with abovementioned (a) or (b), if (i) the independent directors of the Audit Committee authorized by the Board or the independent directors of the Audit Committee authorized by the Board fail to institute proceedings in accordance (a); or (ii) the requested independent directors of the Audit Committee fails to institute proceedings in accordance with (b), within the permission scope of the laws of the Cayman Islands, the Taiwan Taipei District Court shall be the court of the first instance. However, regarding the above provisions and laws of the Cayman Islands, lawyers of the Cayman Islands have the following polite reminders: There are no specific provisions in the Cayman Islands' Company Law that allow minority shareholders to bring a derivative action against directors in the court. The Articles of Incorporation are not a contract between the shareholders and directors; they agree between the shareholders and the company. Even though the Articles of Incorporation allow minority shareholders to institute proceedings against directors, lawyers in the Cayman Islands suggest that such content will not bind the directors. However, under common law, all shareholders (including minority shareholders) have the right to bring derivative

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
	actions (including actions against directors) regardless of their shareholding ratio or their period of ownership. Once shareholders have instituted proceedings, the court in the Cayman Islands will determine whether they may proceed with the litigation. In other words, although the Articles of Incorporation stipulate that a minority shareholder (or shareholders with the required shareholding ratio or period of ownership) may institute proceedings against the director on behalf of the Company, the court in the Cayman Islands holds the ultimate right to determine whether or not the litigation shall continue. Regarding the relevant decisions made by the Grand Court of the Cayman Islands, when considering whether or not the derivative action should continue, the applicable guideline is whether the Cayman Islands court is satisfied and accepts that the plaintiff's claim on behalf of the company is prima facie material. The court will also take into account that the wrongful behavior is conducted by persons in control of the company and that such persons are able to keep the Company from instituting proceedings against them. The court in the Cayman Islands will determine a case based on facts (although the court may refer to provisions of the company's Articles of Incorporation, it is not a decisive factor). According to the Cayman Islands law, the Board of Directors shall make decisions on behalf of the company as a whole (not as individual directors). The board of directors should authorize one of the directors on behalf of the company to institute proceedings against other directors as prescribed in the company's Articles of Incorporation. The Company Law of the Cayman Islands does not provide the right for shareholders to request the directors to convene a board meeting to resolve specific matters. However, the Cayman Islands' Company Law does not prohibit a company from formulating provisions regarding board meeting procedures in its Articles of Incorporation (including the requirements for the convening of the board meeting).
1. The directors of a company shall have the loyalty and shall exercise the due care of a good administrator in conducting the company's business operation; and if he/she has acted contrary to this provision, shall be liable for	Although it is stipulated in Article 48.4 of the Company's Articles of Incorporation that "Under the circumstances that do not affect and do not violate the principles of the common law of the Cayman Islands and general directors' duties to the company and shareholders under the law, directors shall faithfully execute the company's business and perform the duty of care of a good manager. If a director

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
the damages to be sustained by the company there-from. If the act is carried out by the director or by others, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company. 2. If the director of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he/she shall be liable, jointly and severally, for the damage to such other person. 3. Managerial officers and supervisors shall be liable for the same damages as the company's directors when executing duties within their scope.	causes damage to the Company, he/she shall be liable to the maximum extent permitted by the law. If a director obtains benefits for himself/herself or others due to a violation of carrying out the act mentioned above, the company shall take all appropriate actions and steps to the maximum extent permitted by the law and consider such earnings of the Company. If a director violates the law or order during executing his/her duties that result in the Company becoming liable to any person for any compensation or damages, the director shall be jointly and severally responsible with the company for any compensation or damage caused to the company. If for any reason the director is not jointly and severally liable with the company, the director shall reimburse the company for any loss suffered by the company due to his/her breach of duty. When a managerial officer carries out company duties, he/she shall bear the same liability for damages as the company's directors. ” However, regarding the above provisions and laws of the Cayman Islands, lawyers of the Cayman Islands have the following polite reminders: In general, under the Cayman Islands law, managerial officers or supervisors do not bear the same responsibilities to the company or shareholders as a director of the company. However, if a managerial officer or supervisor is authorized to carry out duties on behalf of a senior executive, he/she will have the same obligations as a director of the company. To avoid confusion, Cayman Islands companies generally define the duties and obligations of a managerial officer and supervisor to the company and its shareholders in their service contracts. The same is true for the Articles of Incorporation acting as an agreement between shareholders and the company. As managerial officers or supervisors are not a party to the Articles of Incorporation, and therefore, all rights of damages and compensation upon a violation of a managerial officer or supervisor shall be regulated in the service contract. Under the law of the Cayman Islands, the Articles of Incorporation are an agreement between shareholders and the company, and directors (as a director of the company) are not a party to the Articles of Incorporation. Lawyers of the Cayman Islands suggest that Articles of Incorporation do not bind the directors. If the company intends to give

Important matters regarding the protection of shareholders' equity	Regulations of the Articles of Incorporation and reasons for differences
	contractual effect to directors with applicable provisions, lawyers of the Cayman Islands believe that relevant rights should be enclosed in the individual director's contract, such as a service contract.

5. If any of the situations listed in Article 36, paragraph 2 subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or up to publication of the annual report: None.

Applied BioCode Corporation

Chairman : George J. Lee

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Applied BioCode Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Applied BioCode Corporation and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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 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 judgement, were of most significance in our audit of the Group's 2020 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 2020 consolidated financial statements are stated as follows:

Existence and occurrence of cash and cash equivalents

Description

Please refer to Note 4(6) for accounting policies applied to cash and cash equivalents, and Note 6(1) for details of account items. As of December 31, 2020, cash and cash equivalents amounted to NT$847,910 thousand, constituting 69% of the total consolidated assets. As cash and cash equivalents constitute a significant portion of total consolidated assets and inherent risk exists, we consider the existence and occurance of cash and cash equivalents a key audit matter.

How our audit addressed the matter

The procedures performed in respect of this key audit matter include:

1. Confirmed bank accounts and special arrangements with financial institutions to verify the existence and rights and obligations of the bank deposits;
2. Verified the authenticity of the necessary information for the bank confirmations;
3. Reviewed and tested the mathematical accuracy of bank reconciliation statements, agreed the balances with the balances per cash book and per bank balance, identified any unusual or significant items and ensured that these were properly disposed of.
4. Selected samples of significant cash receipt and payment transactions to check whether the transactions were incurred for operational needs.

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 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.

Andy Chang Wendy Liang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2021

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.

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 847,910	69	$ 302,676	42
1136	Financial assets at amortised cost - current	6(4) and 8	-	-	121,326	17
1170	Accounts receivable, net	6(2)	49,472	4	24,102	3
130X	Inventories, net	6(3)	106,432	9	82,570	12
1479	Other current assets, others	8	17,263	1	9,365	1
11XX	**Total current assets**		1,021,077	83	540,039	75
	Non-current assets					
1600	Property, plant and equipment, net	6(5)	116,210	10	51,438	7
1755	Right-of-use assets	6(7)	55,309	5	69,512	10
1780	Intangible assets, net	6(6)	17,196	1	21,974	3
1840	Deferred income tax assets	6(24)	4,600	-	5,979	1
1900	Other non-current assets	9	12,829	1	30,065	4
15XX	**Total non-current assets**		206,144	17	178,968	25
1XXX	**Total assets**		$ 1,227,221	100	$ 719,007	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(9)(27)	$ -	-	$ 60,212	8
2130	Current contract liabilities	6(18)	1,959	-	1,324	-
2170	Accounts payable		27,602	2	9,582	1
2200	Other payables	6(10)	35,506	3	29,585	4
2280	Current lease liabilities	6(7)(27)	12,696	1	11,442	2
2399	Other current liabilities, others		39	-	15	-
21XX	**Total current liabilities**		77,802	6	112,160	15
	Non-current liabilities					
2527	Non-current contract liabilities	6(18)	9,092	1	7,175	1
2570	Deferred tax liabilities	6(24)	4,600	-	5,979	1
2580	Non-current lease liabilities	6(7)(27)	48,732	4	63,043	9
25XX	**Total non-current liabilities**		62,424	5	76,197	11
2XXX	**Total Liabilities**		140,226	11	188,357	26
	Equity					
	Share capital	6(14)				
3110	Common share		816,390	67	722,854	101
	Capital surplus	6(12)(15)				
3200	Capital surplus		1,394,683	114	770,920	107
	Retained earnings	6(16)				
3350	Accumulated deficit		(1,052,108)	(86)	(948,612)	(132)
	Other equity interest	6(12)(17)				
3400	Other equity interest		(71,970)	(6)	(14,512)	(2)
3XXX	**Total equity**		1,086,995	89	530,650	74
3X2X	**Total liabilities and equity**		$ 1,227,221	100	$ 719,007	100

	Items	Notes	Year ended December 31 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
4000	Operating revenue	6(8)(18)	$ 299,015	100	$ 104,694	100
5000	Operating costs	6(3)(22)(23)	(105,491)	(35)	(51,725)	(49)
5900	Gross profit from operation		193,524	65	52,969	51
	Operating expenses	6(22)(23)				
6100	Selling expenses		(44,241)	(15)	(37,653)	(36)
6200	Administrative expenses		(85,792)	(29)	(73,416)	(70)
6300	Research and development expenses		(197,005)	(66)	(216,973)	(207)
6000	Total operating expenses		(327,038)	(110)	(328,042)	(313)
6900	Net operating loss		(133,514)	(45)	(275,073)	(262)
	Non-operating income and expenses					
7100	Interest income	6(19)	3,732	1	1,769	1
7020	Other gains and losses	6(20)	30,623	10	(156)	-
7050	Finance costs	6(21)	(4,313)	(1)	(6,589)	(6)
7000	Total non-operating income and expenses		30,042	10	(4,976)	(5)
7900	**Loss before income tax**		(103,472)	(35)	(280,049)	(267)
7950	Income tax expense	6(24)	(24)	-	(24)	-
8200	**Loss for the year**		($ 103,496)	(35)	($ 280,073)	(267)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	($ 58,289)	(19)	($ 19,616)	(19)
8500	**Total comprehensive loss for the year**		($ 161,785)	(54)	($ 299,689)	(286)
	Loss attributable to					
8610	Owners of the parent		($ 103,496)	(35)	($ 280,073)	(267)
	Comprehensive loss attributable to					
8710	Owners of the parent		($ 161,785)	(54)	($ 299,689)	(286)
	Basic loss per share	6(25)				
9750	Basic loss per share (In dollars)		($ 1.33)		($ 4.36)	
9850	Diluted loss per share (In dollars)		($ 1.33)		($ 4.36)	

2019							
Balance at January 1, 2019		$ 620,058	$ 479,833	($ 668,539)	$ 6,167	($ 4,793)	$ 432,726
Loss for the year	6(16)(25)	-	-	(280,073)	-	-	(280,073)
Other comprehensive loss for the year	6(17)	-	-	-	(19,616)	-	(19,616)
Total comprehensive loss		-	-	(280,073)	(19,616)	-	(299,689)
Compensation cost of employee stock options	6(15)	-	3,469	-	-	-	3,469
Compensation cost of employee restricted stocks	6(17)	-	-	-	-	3,414	3,414
Issuance of common shares	6(14)(15)	102,800	287,840	-	-	-	390,640
Exercise of employee stock options	6(12)(14)(15)	71	19	-	-	-	90
Redemption of employee restricted stocks	6(14)(15)(17)	(75)	(241)	-	-	316	-
Balance at December 31, 2019		$ 722,854	$ 770,920	($ 948,612)	($ 13,449)	($ 1,063)	$ 530,650
2020							
Balance at January 1, 2020		$ 722,854	$ 770,920	($ 948,612)	($ 13,449)	($ 1,063)	$ 530,650
Loss for the year	6(16)(25)	-	-	(103,496)	-	-	(103,496)
Other comprehensive loss for the year	6(17)	-	-	-	(58,289)	-	(58,289)
Total comprehensive loss		-	-	(103,496)	(58,289)	-	(161,785)
Compensation cost of employee stock options	6(15)	-	12,702	-	-	-	12,702
Compensation cost of employee restricted stocks	6(17)	-	-	-	-	831	831
Issuance of common shares	6(14)(15)	90,500	610,981	-	-	-	701,481
Exercise of employee stock options	6(12)(14)(15)	3,036	80	-	-	-	3,116
Balance at December 31, 2020		$ 816,390	$ 1,394,683	($ 1,052,108)	($ 71,738)	($ 232)	$ 1,086,995

CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 103,472)	($ 280,049)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(22)	39,456	28,457
Amortisation expense	6(22)	4,139	4,351
Interest income	6(19)	(3,732)	(1,769)
Interest expense	6(21)	4,313	6,589
Compensation cost of share-based payment	6(12)	13,533	6,883
PPP loan forgiveness revenue	6(20)	(28,062)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(25,370)	(18,426)
Inventories, net		(65,560)	(39,691)
Other current assets, others		(7,898)	(1,110)
Changes in operating liabilities			
Contract liabilities		2,552	(922)
Accounts payable		18,020	(2,331)
Other payables		5,921	(4,446)
Other current liabilities, others		24	15
Other non-current liabilities, others		-	(6,545)
Cash outflow generated from operations		(146,136)	(308,994)
Interest received		3,732	1,769
Interest paid		(4,313)	(6,589)
Income tax paid		(24)	(24)
Net cash flows used in operating activities		(146,741)	(313,838)
CASH FLOWS FROM INVESTING ACTIVITIES			
Incerese in current financial assets at amortised cost		(262,281)	(121,326)
Decrease in current financial assets at amortised cost		383,607	-
Acquisition of property, plant and equipment	6(26)	(27,580)	(24,249)
Acquisition of intangible assets	6(6)	(374)	(94)
Increase in refundable deposits		(12,829)	-
Decrease in refundable deposits		6,021	-
Increase in other non-current assets		-	(605)
Net cash flows from (used in) investing activities		86,564	(146,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(27)	-	120,424
Repayments of short-term borrowings	6(27)	(60,212)	(60,212)
Proceeds from long-term borrowings	6(27)	28,062	60,212
Repayments of long-term borrowings		-	(60,212)
Repayment of principal portion of lease liabilities	6(7)	(15,685)	(11,701)
Proceeds from issuance of shares	6(14)	701,481	390,640
Exercise of employee stock options		3,116	90
Net cash flows from financing activities		656,762	439,241
Effect of exchange rate changes		(51,351)	(25,479)
Net increase (decrease) in cash and cash equivalents		545,234	(46,350)
Cash and cash equivalents at beginning of year		302,676	349,026
Cash and cash equivalents at end of year		$ 847,910	$ 302,676

APPLIED BIOCODECORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

Applied BioCode Corporation (the "Company") was incorporated as a company in British Cayman Islands on April 15, 2016, as a holding company for the purpose of reorganization. On June 30, 2016, as part of a reorganization, Applied BioCode Inc. converted all of its outstanding shares to the Company's newly issued shares. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production, sales, leasing and authorisation of products. The Company's shares have been listed on the Taiwan Stock Exchange since June 9, 2020.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative - definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier adoption from January 1, 2020 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 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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 3, 'Reference to the conceptual framework'	January 1, 2022
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
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 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(2) Basis of preparation

A. The Consolidated financial statements have been prepared under the historical cost convention.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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) The Group's financial statements are initially presented in USD. When converting the consolidated financial statements into New Taiwan Dollars, all assets and liabilities are translated into New Taiwan Dollars at the exchange rate of the balance sheet; except for the balance accrued at the end of the period, the balance of the equity in the equity account is carried forward, and the rest is based on historical exchange rates. Profit and loss accounts are translated at the weighted average exchange rate, and the difference arising from the conversion is included in the "cumulative translation adjustment" as an adjustment item for equity.

(b) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all 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.

(c) 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.

(d) 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.

(e) Changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between 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.

(f) 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:

			Ownership (%)	
Name of investor	Name of the subsidiary	Main business activities	December 31, 2020	December 31, 2019
Applied BioCode Corporation	Applied BioCode, Inc.	Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production, sales and leasing.	100%	100%
Applied BioCode, Inc.	Applied BioCode Taiwan Ltd.	Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production and sales of products.	100%	100%

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: 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 USD, which is the Company's functional and the Group's presentation currency. However, the consolidated financial statements are presented in NTD under the future financing plan and the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

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 other foreign exchange gains and losses based on the nature of those transactions 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 expenses for each statement of comprehensive income 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 (loss) 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 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; and
   (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) Assets held mainly for trading purposes;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date; and
   (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.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:
   (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. 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 financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, lease receivables, loan commitments and financial guarantee contracts, 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 the contractual rights to receive the cash flows from the financial asset expire.

(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. 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.

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 apply cost model and are depreciated using the straight-line

method to allocate their cost 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:

Test equipment	5 years
Machinery and equipment	5 years
Rental assets	5 years
Office equipment	5 years
Leasehold improvements	1~6 year(s)

(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) Amounts expected to be payable by the lessee under residual value guarantees.

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;

(b) Any initial direct costs incurred by the lessee; and

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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.

(14) Intangible assets

A. Computer software

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

B. Patents and patented technologies

Patents acquired by issuing new shares to exchange is recognised based on the fair value at the acquisition date. The fair value is stated based on the appraisal report and is amortized on a straight-line basis over patent's estimated useful of 15 to 17 years.

Other patents are stated at cost and amortised on a straight-line basis over its duration of 6 to 9 years.

(15) Impairment of non-financial assets

A. 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.

B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(17) Accounts payable

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

B. The short-term 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 in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

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.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' 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 resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Employee share-based payment

A. 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.

B. Restricted stocks

(a) Restricted stocks issued to employees 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.

(b) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'. For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(22) Income taxes

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 of Taiwan subsidiary 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 balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. 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 research and development expenditures 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

A. Common 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.

B. Where the Company repurchases the Company's shares that have been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Revenue recognition

A. Sales revenue

(a) The Group manufactures and sells test reagents and medical instrument. Revenue is measured at the fair value of the received or receivable from the sale of goods to external customers in the ordinary course of the Group's operating activities after netting the business tax, returns, rebates and discounts. 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.

(b) If the payment (or payable) exceeds the services or goods delivered, a contract liability is

recognised.

B. Revenue from licencing intellectual property

The Group entered into contracts with customers to grant licences of patents to the customers. Given the licences are distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing based on the nature of the licences granted. The nature of the Group's promise in granting licences is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore, the revenue is recognised when transferring the licence to a customer at a point in time.

C. Rental revenue

The Group entered into the reagent purchase agreements with clients and provide the medical devices for the customer to use through operating leases. Lease income from operating leases (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(25) 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.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any 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.

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

Impairment assessment of intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. For the years ended December 31, 2020 and 2019, no impairment loss was recognised.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Checking accounts and demand deposits	$ 661,164	$ 302,676
Time deposits	186,746	-
Total	$ 847,910	$ 302,676

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, 2020, the interest rate of time deposits was 0.498%.

C. Details of other time deposits are provided in Note 6(4).

(2) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	$ 49,559	$ 24,102
Less: Allowance for uncollectible accounts	(87)	-
	$ 49,472	$ 24,102

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

	December 31, 2020	December 31, 2019
Not past due	$ 42,514	$ 22,514
Up to 90 days	6,938	1,571
91 to 180 days	107	11
181 to 360 days	-	6
	$ 49,559	$ 24,102

The above ageing analysis was based on past due date.

B. As of December 31, 2020, December 31, 2019 and January 1, 2019, the balances of receivables from contracts with customers amounted to $49,559, $24,102, and $5,676, respectively.

C. The Group's accounts receivable that are neither past due nor impaired meet the credit policy according to the industrial characteristics, operating scale and profitability of the counterparty.

	December 31, 2020	December 31, 2019
Group 1	$ 20,521	$ -
Group 2	12,696	5,618
Group 3	9,297	16,896
	$ 42,514	$ 22,514

Group 1: New customers (less than 6 months from the initial transaction).

Group 2: Existing customers (more than 6 months from the initial transaction).

Group 3: Existing customers (more than 6 months from the initial transaction) with a US public company.

D. The Group's financial assets that were past due date but not impaired are as follows:

	December 31, 2020	December 31, 2019
Group 1	$ 6,157	$ 93
Group 2	888	125
Group 3	-	1,370
	$ 7,045	$ 1,588

Group 1: New customers (less than 6 months from the initial transaction).

Group 2: Existing customers (more than 6 months from the initial transaction).

Group 3: Existing customers (more than 6 months from the initial transaction) with a US public company.

(3) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 81,318	($ 5,727)	$ 75,591
Work in process	15,405	-	15,405
Finished goods	15,558	(122)	15,436
	$ 112,281	($ 5,849)	$ 106,432

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 46,765	$ (3,773)	$ 42,992
Work in process	17,139	-	17,139
Finished goods	23,330	(891)	22,439
	$ 87,234	$ (4,664)	$ 82,570

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2020	Year ended December 31, 2019
Cost of goods sold	$ 103,851	$ 49,736
Loss on scrap	156	1,296
Valuation loss	1,484	693
	$ 105,491	$ 51,725

(4) Financial assets at amortised cost- current

Items	December 31, 2020	December 31, 2019
Pledged time deposits	$ -	$ 121,326

As of December 31, 2019, the interest rate of time deposit was 1.45%.

(5) Property, plant and equipment

	Test equipment	Leasehold improvements	Machinery and equipment	Office equipment	Rental assets	Total
At January 1, 2020						
Cost	$ 3,879	$ 8,420	$ 68,722	$ 4,557	$ 14,211	$ 99,789
Accumulated depreciation and impairment	(1,634)	(7,098)	(34,258)	(2,449)	(2,912)	(48,351)
	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
2020						
At January 1	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
Additions	-	42,023	10,249	1,390	-	53,662
Transfer (Note)	866	-	(3,745)	-	44,577	41,698
Depreciation charge	(743)	(6,432)	(9,723)	(841)	(7,791)	(25,530)
Net exchange differences	(121)	(1,337)	(1,609)	(129)	(1,862)	(5,058)
At December 31	$ 2,247	$ 35,576	$ 29,636	$ 2,528	$ 46,223	$ 116,210
At December 31, 2020						
Cost	$ 4,530	$ 44,365	$ 71,512	$ 5,667	$ 56,528	$ 182,602
Accumulated depreciation and impairment	(2,283)	(8,789)	(41,876)	(3,139)	(10,305)	(66,392)
	$ 2,247	$ 35,576	$ 29,636	$ 2,528	$ 46,223	$ 116,210

	Test equipment	Leasehold improvements	Machinery and equipment	Office equipment	Rental assets	Total
At January 1, 2019						
Cost	$ 3,930	$ 9,538	$ 56,858	$ 3,302	$ 7,521	$ 81,149
Accumulated depreciation and impairment	(885)	(6,428)	(25,481)	(2,185)	(209)	(35,188)
	$ 3,045	$ 3,110	$ 31,377	$ 1,117	$ 7,312	$ 45,961
2019						
At January 1	$ 3,045	$ 3,110	$ 31,377	$ 1,117	$ 7,312	$ 45,961
Additions	-	940	4,599	1,493	-	7,032
Disposals	-	(217)	(145)	-	-	(362)
Transfer (Note)	-	-	10,575	-	6,997	17,572
Depreciation charge	(768)	(2,493)	(11,217)	(454)	(2,747)	(17,679)
Net exchange differences	(32)	(18)	(725)	(48)	(263)	(1,086)
At December 31	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
At December 31, 2019						
Cost	$ 3,879	$ 8,420	$ 68,722	$ 4,557	$ 14,211	$ 99,789
Accumulated depreciation and impairment	(1,634)	(7,098)	(34,258)	(2,449)	(2,912)	(48,351)
	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438

Note: It included the inventory which was transferred to rental assets and machinery and equipment, and rental machinery transferred from machinery and equipment to right-of-use assets as a result of the adoption of IFRS 16 in 2019.

(6) Intangible assets

	Patents and patented technologies	Computer software	Total
At January 1, 2020			
Cost	$ 57,037	$ 2,764	$ 59,801
Accumulated amortisation and impairment	(35,673)	(2,154)	(37,827)
	$ 21,364	$ 610	$ 21,974
2020			
At January 1	$ 21,364	$ 610	$ 21,974
Additions	-	374	374
Amortisation charge	(3,933)	(206)	(4,139)
Net exchange differences	(993)	(20)	(1,013)
At December 31	$ 16,438	$ 758	$ 17,196
At December 31, 2020			
Cost	$ 54,010	$ 3,002	$ 57,012
Accumulated amortisation and impairment	(37,572)	(2,244)	(39,816)
	$ 16,438	$ 758	$ 17,196

	Patents and patented technologies	Computer software	Total
January 1, 2019			
Cost	$ 58,261	$ 2,807	$ 61,068
Accumulated amortisation and impairment	(32,347)	(2,044)	(34,391)
	$ 25,914	$ 763	$ 26,677
2019			
At January 1	$ 25,914	$ 763	$ 26,677
Additions	-	94	94
Amortisation charge	(4,114)	(237)	(4,351)
Net exchange differences	(436)	(10)	(446)
At December 31	$ 21,364	$ 610	$ 21,974
At December 31, 2019			
Cost	$ 57,037	$ 2,764	$ 59,801
Accumulated amortisation and impairment	(35,673)	(2,154)	(37,827)
	$ 21,364	$ 610	$ 21,974

Patents and patented technologies refer to the patents and technologies acquired by the Group for manufacturing and testing of Barcoded Magnetic Beads.

(7) Lease arrangements - lessee

A. The Group leases various assets, including buildings, machinery and equipment. Rental contracts are typically made for periods of 2 to 7 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 other than the restriction to be used as guarantee for borrowing purposes.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings	$ 51,011	$ 63,088
Machinery and equipment	4,298	6,424
	$ 55,309	$ 69,512

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation expense	Depreciation expense
Buildings	$ 12,075	$ 8,899
Machinery and equipment	1,851	1,879
	$ 13,926	$ 10,778

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $2,953 and $80,565, respectively.

D. The carrying amount of lease liabilities are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Current	$ 12,696	$ 11,442
Non-current	48,732	63,043
	$ 61,428	$ 74,485

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

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,532	$ 2,773
Expense on short-term lease contracts	191	4,158
Expense on leases of low-value assets	17	14

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $15,893 and $11,701, respectively.

G. Extension options

(a) Extension options are included in the Group's lease contracts pertaining to offices and plants. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements - lessor

A. The Group leases various assets including machinery and equipment. Rental contracts are typically made for the period of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Gain arising from operating lease agreements for the years ended December 31, 2020 and 2019 are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Rental revenue	$ 11,677	$ 2,002
Rent income arising from variable lease payments	3,384	115
	$ 15,061	$ 2,117

C. The Group's rental revenue from operating leases were allocated from sales amount of reagent during the contract period, which is a variable payment.

(9) Short-term borrowings

Type of Borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Secured borrowings - CTBC Bank Corp. (USA)	$ 60,212	4.25%	Time deposits (shown as Current financial assets at amortised cost)

A. As of December 31, 2019, there were no short-term borrowings.

B. Interest expense recognised in profit or loss amounted to $781 and $2,056 for the years ended December 31, 2020 and 2019, respectively.

C. According to the terms and conditions of the loan agreement signed between the Company and CTBC BANK CORP. (USA) on May 20, 2019, the Group must achieve the Group's consolidated operating income of US$4,000 thousand in fiscal year 2019 and make a capital injection to the US subsidiary in the amount of US$8,000 thousand before September 30, 2019. The Company

completed the capital injection to the US subsidiary on November 12, 2019. In addition, on December 16, 2019, the Company obtained an agreement to modify the bank loan restriction clauses, agreeing that the Company only needs to achieve the Group's consolidated operating income target of US$3,000 thousand in 2019. The Company had reached the target of the Group's consolidated operating income of US$3,000 thousand in 2019, and the above-mentioned borrowings have been repaid on April 30, 2020.

(10) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonus	$ 20,388	$ 12,817
Accrued research and development expenses	5,524	3,117
Accrued professional service fee	4,386	4,696
Payables for equipment	2,038	6,826
Others	3,170	2,129
	$ 35,506	$ 29,585

(11) Long-term borrowings

A. As of December 31, 2020 and 2019, there were no long-term borrowings.

B. For the years ended December 31, 2020 and 2019, the Group recognised interest expense arising from long-term borrowings amounting to $0 and $1,760, respectively.

C. On February 19, 2019, the Company entered into a contract with Chailease International Financial Service Co., Ltd. (CIFSC) for a secured borrowing with a line of credit of US$2 million, and the contract will be terminated on February 19, 2021. In addition, the Company shall deposit 13% of drawn amount as guarantee deposits paid before actually drawing the borrowing based on the contract terms. The borrowing has been early repaid on December 31, 2019, and the guarantee deposit has been returned.

D. Paycheck Protection Program (PPP)

(a) The US subsidiary, Applied BioCode, Inc., obtained loan from CTBC BANK CORP. (USA) in accordance with Paycheck Protection Program (PPP) amounting to US$949,077 with a contract period from April 21, 2020 to April 21, 2022. Interest will continue to accrue during the deferment period calculated on the unpaid principal balance using a taxed rate of 1.00% based on a simple interest method.

(b) In accordance with the loan contract, the loan will be repaid in 18 installments starting from 6 months after first disbursement of the loan. If the loan proceeds is used for operations, such as salary, rental and other expenses, which meets the regulations specified in PPP, it can be forgiven through submitting an application to the Small Business Administration (SBA). In accordance with the P.L. 116-142 of supplementary provisions of the Paycheck Protection

Flexibility Act of 2020, the start date and repayment date of the principal and interest will be postponed to the date that the loan forgiveness is approved by the SBA. The Group obtained he approval of forgiveness from the SBA and settled the PPP loan and related interests and has recognized the PPP loan forgiveness revenue in the amount of $28,062 in November 2020.

(12) Share-based payment

A. As of December 31, 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2014/1/14	80,000	10 years	4 years' service; Description (b)
	2014/6/16	100,000	10 years	4 years' service; Description (g)
	2014/9/26	70,000	10 years	0 to 4 years' service; Description (a)(b)
	2015/3/20	26,500	10 years	0 to 4 years' service; Description (a)(b)(e)
	2015/6/26	60,000	10 years	0 to 4 years' service; Description (a)(b)(e)
	2015/10/16	47,400	10 years	0 to 4 years' service; Description (a)(b)(c)(d)
	2016/2/29	211,700	10 years	1 to 4 years' service; Description (b)(e)
	2016/6/8	112,800	10 years	0 to 4 years' service; Description (a)(b)
	2016/9/18	13,100	10 years	0 to 4 years' service; Description (a)(b)
	2016/9/29	20,000	10 years	0 to 4 years' service; Description (a)(b)
	2016/11/2	7,000	10 years	0 to 4 years' service; Description (a)(b)
	2018/7/2	215,000	10 years	2 to 4 years' service; Description (j)
	2018/9/28	172,000	10 years	2 to 4 years' service; Description (j)
	2018/12/11	51,000	10 years	2 to 4 years' service; Description (j)
	2019/4/11	26,500	10 years	2 to 4 years' service; Description (j)
	2020/7/21	347,360	10 years	2 to 4 years' service; Description (j)
	2020/8/11	72,000	10 years	2 to 4 years' service; Description (j)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note)	2010/12/5	247,500	10 years	0 to 4 years' service; Description (a)(b)(c)(d)
	2011/3/27	30,000	10 years	Description (a)
	2011/8/7	7,500	10 years	4 years' service; Description (b)
	2012/1/21	224,500	10 years	0 to 4 years' service; Description (a)(b)(c)(e)
	2013/6/21	804,000	10 years	4 years' service; Description (b)(g)
	2013/11/3	12,000	10 years	4 years' service; Description (b)
	2014/1/14	116,000	10 years	4 years' service; Description (b)
	2014/6/16	33,500	10 years	0 to 4 years' service; Description (a)(b)(g)
	2014/9/26	33,000	10 years	0 to 4 years' service; Description (a)(b)(e)(f)
	2018/6/1	167,000	2 years	1 to 2 years' service; Description (i)
	2018/6/15	161,000	1 year	Description (h)
	2018/12/20	20,000	2 years	1 to 2 years' service; Description (i)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2020/5/11	399,857	Not applicable	Vested immediately

The fair value of the abovementioned restricted stocks to employees were measured basing on the 30 business days average transaction price of the Group's stocks.

Description:

(a) Vested immediately.

(b) 25% of options were vested after the employee renders one-year service, then the option was vested one of forty-eighth options every month.

(c) Vested one of twenty-fourth options every month based on straight-line method.

(d) Vested one-sixth options every month based on straight-line method.

(e) Vested one-twelfth options every month based on straight-line method.

(f) Vested one-third options every month based on straight-line method.

(g) Vested one of forty-eighth options every month based on straight-line method.

(h) 100% of options vested immediately whilst the Group's multiplex diagnostic testing products, 17-Plex Gastrointestinal Pathogen Panel 1, and instruments successfully obtained FDA510K approval.

(i) 50% of options vested whilst the condition of one-year service is fulfilled, and subsequently vested 50% of options whilst the condition of two-year service is fulfilled.

(j) 50% of options vested at the date that the option holder had two-year service, and the option holder is subsequently granted one of forty-eighth options every month.

(Note) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period. On November 15, 2016, the Group issued new shares through the transfer of capital surplus, and each share of common stock as well as the unvested restricted stocks to employees had been distributed an additional 0.4 share of common stock.

The share-based payment arrangements above are settled by equity.

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

	2020	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	972,027	$ 22.18
Options granted	419,360	89.93
Options forfeited	(95,366)	58.88
Options exercised	(303,548)	10.32
Options outstanding at December 31	992,473	43.25
Options exercisable at December 31	418,563	13.68

	2019	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,092,508	$ 9.83
Options granted	26,500	43.70
Options forfeited	(139,783)	10.60
Options exercised	(7,198)	11.25
Options outstanding at December 31	972,027	22.18
Options exercisable at December 31	515,869	7.09

(Note) The employee stock options issued by the Group cannot be transferred during the vesting period. On November 15, 2016, the Group issued new shares through transfer of capital surplus and each share of common stock had been distributed an additional 0.4 share of common stock, and the exercise price of the outstanding employee stock options which were not exercised before November 15, 2016 had been adjusted accordingly.

C. As of December 31, 2020 and 2019, the ranges of exercise prices of stock options outstanding were $3.17～$101 (in dollars) and $1.12～$43.7 (in dollars), respectively; the weighted-average remaining contractual periods were 6.59 years and 6.85 years, respectively.

D. Aside from restricted stocks to employees, the fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee share options	2019/4/11	$44.98	$43.70	41.73%	6.37 years	0%	2.37%	$20.51
Cash capital increase reserved for employee preemption	2020/5/11	$65.73	$48.00	-	0.00 year	0%	0.56%	$17.73
Employee share options	2020/7/21	$98.30	$98.30	57.87%	6.37 years	0%	0.39%	$53.14
Employee share options	2020/8/11	$101	$101	57.87%	6.37 years	0%	0.39%	$55.38

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

	Year ended December 31, 2020	Year ended December 31, 2019
Equity-settled	$ 13,533	$ 6,883

(13) Pensions

Defined contribution plan

A. The Company's subsidiary, Applied BioCode, Inc., provides a 401(K) retirement plan, which is a defined contribution plan. Under the plan, the employees contribute an amount based on a certain percentage of the employees' salaries and wages to the employees' individual pension accounts, and Applied BioCode, Inc. also contributes an amount as pension expense to the employees' individual pension accounts accordingly. For the years ended December 31, 2020 and 2019, the pension contributed to the employees' individual pension accounts by Applied BioCode, Inc. accordingly amounted to $4,712 and $4,147, respectively.

B. The Company's subsidiary, Applied BioCode Taiwan Ltd., has 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 subsidiary contributes 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. For the years ended December 31, 2020 and 2019, the Group recognised pension cost of $808 and $697, respectively.

(14) Share capital

As of December 31, 2020, the Company's authorised capital was $900,000, consisting of 90,000 thousand shares, and the paid-in capital was $816,390 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's common shares outstanding are as follows:

	2020	2019
	No. of shares (in thousands)	No. of shares (in thousands)
At January 1	72,285	62,006
Cash capital increase	9,050	10,280
Employee stock options exercised	304	7
Redemption of employee restricted stock	-	(8)
At December 31	81,639	72,285

A. To increase the Company's working capital, the Board of Directors approved the capital increase on April 11, 2019 to issue common shares of 9,000 thousand shares with a par value of NT$10 (in dollars) per share at a subscription price of $45 (in dollars) per share, and the total issuance amounted to $405,000. The capital increase was approved by the FSC, and the Company had submitted an application to the FSC for changing subscription price to $38 (in dollars) per share on July 26, 2019. All proceeds from this capital infusion amounting to $342,000 have been collected, and the effective date for the capital infusion was set on September 27, 2019.

B. On August 30, 2019, the Company redeemed 8,000 shares of the employee restricted stocks and completed the cancellation of registration on August 26, 2019.

C. To increase the Company's working capital, the Board of Directors approved the capital increase on October 17, 2019 to issue common shares of 1,280 thousand shares with a par value of $10 (in dollars) per share at a subscription price of $38 (in dollars) per share and the total issuance amounted to $48,460. All proceeds from the capital infusion amounted to $48,640 have been collected and the effective date was set on December 18, 2019.

D. The Board of Directors approved the proposal of IPO application through TWSE and the capital infusion on December 17, 2019. The Company planned to issue 9,050 thousand new shares with a par value of $10 (in dollars) per share before IPO application. The tentative subscription price per share was $38 and the total issuance amount was $343,900. The Company then submitted the IPO application through TWSE on December 24, 2019 and obtained the approval by the authorities on March 12, 2020.

E. In June 2020, the Company issued 9,050 thousand shares of new common shares and received total proceeds of $709,409 which included the shares sold through auction at an average price of $90.21 (in dollars) per share and the shares sold at the underwriting public price of $48 (in dollars) per share.

(15) Capital surplus

Pursuant to the Company's Articles of Incorporation, 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.

	2020				
	Share premium	Employee restricted shares	Employee stock options	Donated assets	Total
At January 1	$ 747,463	$ 14,419	$ 7,941	$ 1,097	$ 770,920
Compensation cost of employee stock options	-	-	12,702	-	12,702
Employee stock options exercised	10,658	-	(10,578)	-	80
Options forfeited or expired	15	-	(15)	-	-
Cash capital increase	610,981	-	-	-	610,981
At December 31	$ 1,369,117	$ 14,419	$ 10,050	$ 1,097	$1,394,683

	2019				
	Share premium	Employee restricted shares	Employee stock options	Donated assets	Total
At January 1	$ 459,463	$ 14,660	$ 4,613	$ 1,097	$ 479,833
Cash capital increase	287,840	-	-	-	287,840
Compensation cost of employee stock options	-	-	3,469	-	3,469
Redemption of employee restricted shares	-	(241)	-	-	(241)
Employee stock options exercised	160	-	(141)	-	19
At December 31	$ 747,463	$ 14,419	$ 7,941	$ 1,097	$ 770,920

(16) Retained earnings/Accumulated deficit

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, and setting aside special reserve in accordance with related laws or a resolution made by the Board of Directors. The remainder, if any, shall set aside no more than 12% as compensation to employee, and no more than 3% as remuneration for the directors. The remainder, if any, to be retained or to be appropriated shall be resolved by the shareholders. The dividend distribution amount shall not be less than 10 percent of the remaining

distributable amount. The Company's dividends may be paid in cash or shares.

B. In determining the Company's dividend policy, the Board recognizes that the Company is in the growth stage. In determining the amount, if any, of the dividend or other distribution it recommends to Board members for approval in any financial year, the Board may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year.

C. Legal reserve shall be used to cover the Company's accumulated deficit or issue new shares or cash to shareholders in proportion to their share ownership.

(17) Other equity items

	2020	
	Foreign currency translation	Unearned employees' compensation
At January 1	($ 13,449)	($ 1,063)
Compensation costs of employee restricted stocks	-	831
Group foreign currency translation	(58,289)	-
At December 31	($ 71,738)	($ 232)

	2019	
	Foreign currency translation	Unearned employees' compensation
At January 1	$ 6,167	($ 4,793)
Compensation costs of employee restricted stocks	-	3,414
Group foreign currency translation	(19,616)	-
Redemption of employee restricted stocks	-	316
At December 31	($ 13,449)	($ 1,063)

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

	2020	2019
Sales revenue	$ 266,089	$ 96,786
Rental revenue	15,061	2,117
Royalty revenue	1,676	1,359
Other operating revenue	16,189	4,432
	$ 299,015	$ 104,694

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Current contract liabilities			
Contract liabilities - product selling	$ 344	$ -	$ 868
Contract liabilities - technology royalties	1,615	1,323	1,352
	$ 1,959	$ 1,323	$ 2,220
Non-current contract liabilities			
Contract liabilities - product selling	$ -	$ -	$ 60
Contract liabilities - technology royalties	9,092	7,175	7,142
	$ 9,092	$ 7,175	$ 7,202

(b) Revenue recognised that was included in the contract liability balance at the beginning of the periods is as follows:

	2020	2019
Revenue from contracts with customers		
Sales revenue	$ 1,122	$ 928
Revenue from technology royalties	1,676	1,359
	$ 2,798	$ 2,287

(19) Interest income

	2020	2019
Interest income from bank deposits	$ 3,732	$ 1,769

(20) Other gains and losses

	2020	2019
Losses on disposals of property, plant and equipment	$ -	($ 62)
Foreign exchange gains (losses)	3,805	(94)
PPP loan forgiveness revenue	28,062	-
Other losses	(1,244)	-
	$ 30,623	($ 156)

(21) Finance costs

	2020	2019
Interest expense	$ 4,313	$ 6,589

(22) Expenses by nature

	2020		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 28,066	$ 202,746	$ 230,812
Depreciation charges on property, plant and equipment	$ 9,247	$ 30,209	$ 39,456
Amortisation charge on intangible assets	$ -	$ 4,139	$ 4,139

	2019		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 22,553	$ 165,447	$ 188,000
Depreciation charges on property, plant and equipment	$ 6,204	$ 22,253	$ 28,457
Amortisation charge on intangible assets	$ -	$ 4,351	$ 4,351

(23) Employee benefit expense

	2020		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 24,668	$ 167,673	$ 192,341
Labour and health insurance fees	995	10,622	11,617
Pension costs	555	4,965	5,520
Other personnel expenses	1,848	19,486	21,334
	$ 28,066	$ 202,746	$ 230,812

	2019		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 18,414	$ 134,425	$ 152,839
Labour and health insurance fees	928	9,226	10,154
Pension costs	360	4,484	4,844
Other personnel expenses	2,851	17,312	20,163
	$ 22,553	$ 165,447	$ 188,000

(24) Income taxes

A. Components of income tax expense:

	2020	2019
Current tax:		
Current tax on profits for the year	$ 24	$ 24
Income tax expense	$ 24	$ 24

B. Reconciliation between income tax expense and accounting profit (loss)

	Years ended, December 31	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	($ 29,133)	($ 80,392)
Expenses disallowed by tax regulation	57	169
Origination and reversal of temporary differences	7,459	(2,027)
Taxable loss not recognised as deferred tax assets	20,413	81,328
Effect from Alternative Minimum Tax	24	24
Permanent differences	11	10
Effect of different tax rates in countries in which the Group operates	1,193	912
Income tax expenses	$ 24	$ 24

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and

investment tax credits are as follows:

	2020			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
-Temporary differences:				
Loss carryfoward	$ 5,979	($ 1,101)	($ 278)	$ 4,600
	$ 5,979	($ 1,101)	($ 278)	$ 4,600
Deferred tax liabilities:				
Book-tax difference on intangible assets	($ 5,979)	$ 1,101	$ 278	($ 4,600)
Book-tax difference on fixed assets	-	-	-	-
	($ 5,979)	$ 1,101	$ 278	($ 4,600)
	$ -	$ -	$ -	$ -

	2019			
	January 1	Recognised in profit or loss	Translation difference	December 31
Deferred tax assets:				
-Temporary differences:				
Loss carryfoward	$ 12,610	($ 6,539)	($ 92)	$ 5,979
	$ 12,610	($ 6,539)	($ 92)	$ 5,979
Deferred tax liabilities:				
Book-tax difference on intangible assets	($ 7,252)	$ 1,151	$ 122	($ 5,979)
Book-tax difference on fixed assets	(5,358)	5,388	(30)	-
	($ 12,610)	$ 6,539	$ 92	($ 5,979)
	$ -	$ -	$ -	$ -

D. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

2020			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
General Business Credits－Federal tax	$36,178	$36,178	2029~2040

2019			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
General Business Credits－Federal tax	$34,303	$34,303	2028~2039

E. Expiration years of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

U.S. Federal tax

December 31, 2020				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 74,445	$ 74,445	$ 74,445	No deduction limiitation
2019	275,036	275,036	275,036	"
2018	273,342	273,342	273,342	"
2017	225,115	225,115	225,115	2037
2016	189,773	189,773	189,773	2036
2015	204,407	204,407	204,407	2035
2014	152,372	152,372	152,372	2034
2013	81,167	81,167	81,167	2033
2012	27,362	27,362	27,362	2032
2011	17,113	17,113	17,113	2031
2010	23,156	23,156	23,156	2030
2009	22,115	22,115	22,115	2029
2008	6,141	6,141	1,283	2028

California State tax

December 31, 2020				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 84,629	$ 84,629	$ 84,629	No deduction limiitation
2019	253,666	253,666	253,666	"
2018	269,274	269,274	269,274	"
2017	225,855	225,855	225,855	2037
2016	200,990	200,990	200,990	2036
2015	205,995	205,995	205,995	2035
2014	152,058	152,058	152,058	2034
2013	20,775	20,775	20,775	2033
2012	56,861	56,861	56,861	2032
2011	27,262	27,262	27,262	2031
2010	16,079	16,079	16,079	2030
2009	23,257	23,257	23,257	2029
2008	21,660	21,660	16,802	2028

U.S. Federal tax

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 275,036	$ 275,036	$ 275,036	No deduction limiitation
2018	273,342	273,342	273,342	"
2017	225,115	225,115	225,115	2037
2016	189,773	189,773	189,773	2036
2015	204,407	204,407	204,407	2035
2014	152,372	152,372	152,372	2034
2013	81,167	81,167	81,167	2033
2012	27,362	27,362	27,362	2032
2011	17,113	17,113	17,113	2031
2010	23,156	23,156	23,156	2030
2009	22,115	22,115	22,115	2029
2008	6,141	6,141	6,141	2028

California State tax

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 253,666	$ 253,666	$ 253,666	No deduction limiitation
2018	269,274	269,274	269,274	"
2017	225,855	225,855	225,855	2037
2016	200,990	200,990	200,990	2036
2015	205,995	205,995	205,995	2035
2014	152,058	152,058	152,058	2034
2013	20,775	20,775	20,775	2033
2012	56,861	56,861	56,861	2032
2011	27,262	27,262	27,262	2031
2010	16,079	16,079	16,079	2030
2009	23,257	23,257	23,257	2029
2008	21,660	21,660	6,141	2028

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

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 108,002	$ 56,244

(25) Loss per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic (diluted) loss per share			
Loss attributable to ordinary shareholders of the Company	($ 103,496)	$ 77,570	(1.33)

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic (diluted) loss per share			
Loss attributable to ordinary shareholders of the Company	($ 280,073)	$ 64,274	(4.36)

Note: Outstanding options and warrants as of December 31, 2020 and 2019 will reverse diluted loss per share if full conversion is assumed; therefore, options and warrants were excluded from diluted loss per share calculation.

(26) Supplemental cash flow information

Investing activities with partial cash payments：

	2020	2019
Purchase of property, plant and equipment	$ 53,662	$ 7,031
Add: Ending balance of prepayment for equipment	-	24,044
Less: Opening balance of prepayment for equipment	(24,044)	-
Less: Ending balance of payable for equipment	(2,038)	(6,826)
Cash paid during the year	$ 27,580	$ 24,249

(27) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1	$ 60,212	$ 74,485	$ -	$ 134,697
Changes in cash flow from financing activities	(60,212)	(15,685)	28,062	(47,835)
PPP loan forgiveness revenue	-	-	(28,062)	(28,062)
Interest expense	-	3,532	-	3,532
Increase in lease principal	-	2,953	-	2,953
Net foreign exchange differences	-	(3,858)	-	(3,858)
At December 31	$ -	$ 61,427	$ -	$ 61,427

	2019		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1	$ -	$ -	$ -
Changes in cash flow from financing activities	60,212	74,485	134,697
At December 31	$ 60,212	$ 74,485	$ 134,697

7. RELATED PARTY TRANSACTIONS

(1) Key management compensation

	2020	2019
Salaries and short-term employee benefits	$ 64,145	$ 56,905
Share-based payment	4,370	3,545
	$ 68,515	$ 60,450

8. Pledged Assets

A. The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2020	Book value December 31, 2019	Purpose
Restricted asset (shown as "Other current assets, other")	$ 7,202	$ -	Guarantee for issuance of letter of credit
Pledged time deposits (shown as "Current financial assets at amortised cost")	-	121,326	Guarantee for short-term bank line of credit
	$ 7,202	$ 121,326	

B. On April 30, 2020, the Company repaid the borrowings obtained from CTBC Bank Corp. (USA) amounting to US$2,500 thousand on June 22, 2018 and cancelled the guarantee for credit line of all assets (including tangible and intangible assets) based on the loan agreement.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

The Company's US subsidiary, Applied BioCode Inc., entered into a lease agreement for the new plant and office on March 21, 2019. In accordance with the lease agreement, CTBC Bank Corp. (USA) issued a standby letter of credit to the lessor as a performance guarantee. As of December 31, 2020 and 2019, the balance of standby letter of credit both amounted to US$200 thousand.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors of the Company resolved on March 17, 2021 to write off the accumulated deficit through the use of additional paid-in capital amounting to $1,052,108. This resolution has not yet been resolved at the shareholders' meeting.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new

shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 847,910	$ 302,676
Financial assets at amortised cost	-	121,326
Accounts receivable	49,472	24,102
Other receivables	5,388	-
Other current assets, others	7,202	-
Guarantee deposits paid	12,829	6,021
	$ 922,801	$ 454,125
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 60,212
Accounts payable	27,602	9,582
Other accounts payables	35,506	29,585
	$ 63,108	$ 99,379
Lease liability	$ 61,428	$ 74,485

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management policies focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by management. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various function currency, primarily with respect to the USD and NTD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from time deposits and long-term borrowings with variable interest rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable interest rate were mainly denominated in US Dollars.

(i) Deposits issued at variable interest rates expose the Group to cash flow interest rate risk, part of which is offset by cash and cash equivalents held at variable interest rates. Time deposits issued at fixed interest rates expose the Group to the risk of changes in fair value.

(ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(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. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for 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 management. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumption 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 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customers' accounts receivable in accordance with credit rating of customer and historical default. The Group applies the modified approach based on the loss rate methodology to estimate expect credit loss.

vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the loss rate methodology is as follows:

	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 360 days past due	Over 360 days past due
December 31, 2020					
Expected loss rate	0.03%	0.03%	100%	100%	100%
Total book value	$ 42,514	$ 6,938	$ 107	$ -	$ -
Loss allowance	$ -	$ -	$ 87	$ -	$ -
December 31, 2019					
Expected loss rate	2.67%	2.67%	100%	100%	100%
Total book value	$ 22,514	$ 1,571	$ 11	$ 6	$ -
Loss allowance	$ -	$ -	$ -	$ -	$ -

vii. There is no change to the Group applying the modified approach to provide loss allowance for accounts receivable.

(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.

ii. 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 contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 27,602	$ -	$ -	$ -	$ -
Other payables	35,506	-	-	-	-
Lease liability	3,834	11,622	13,622	41,976	-
Total	$ 66,942	$ 11,622	$ 13,622	$ 41,976	$ -

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ -	$ 60,212	$ -	$ -	$ -
Accounts payable	9,582	-	-	-	-
Other payables	29,585	-	-	-	-
Lease liability	3,106	8,336	11,439	38,886	13,248
Total	$ 42,273	$ 68,548	$ 11,439	$ 38,886	$ 13,248

(3) Others

The SARS-Cov-2 Direct Test reagent developed by the Group was approved for listing by the U.S. FDA on June 16, 2020, and has been shipped starting July 2020. This reagent combined with the

Group's 20-Plex Respiratory Infection Panel reagent have contributed to the Group's revenue in the second half of 2020 and reduced the overall operational risks caused by the Covid-19 pendemic.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

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 period: None.

J. Significant inter-company transactions during the reporting period: None.

(2) Inform action on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Inform action on investments in Mainland China

None.

(4) Major shareholders information

Please refer to table 3.

14. Segment Information

(1) General information

The core business of the Group is the research and development of multiplexing testing platform technologies, as well as the development, production, sales and authorization of Barcoded Magnetic Beads, optical scanner and reagents, etc. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the Group's operating segment are the same as the summary description of the significant accounting policies described in the notes to the consolidated financial statements. The profit and loss of the operating segment is measured by the after-tax profit and loss and used as

the basis for evaluating the performance of the operating segment.

(3) Information about segment profit or loss

The Group is a single reportable segment, and therefore, the reportable information is the same as the financial statements.

(4) Reconciliation for segment income (loss)

The segment's net operating loss reported by the Group to the chief operating decision-maker is measured in a manner consistent with the revenue and expense that in the consolidated income statement. Therefore, the reconciliation for the net operating loss are the same as the consolidated statement of comprehensive income.

(5) Information on products and services

	Years ended December 31	
	2020	2019
Sales of goods	$ 266,089	$ 96,786
Rental revenue	15,061	2,117
Royalty revenue	1,676	1,359
Other operating revenue	16,189	4,432
	$ 299,015	$ 104,694

(6) Geographical information

The Group's geographical revenue is classified based on the geographic location of customers, while geographical non-current assets are classified based on the geographic location of assets. The geographical information for 2020 and 2019 are as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	$ 276,057	$ 195,902	$ 78,528	$ 169,615
China	22,645	-	22,433	-
Taiwan	156	5,642	3,544	3,374
Others	157	-	189	-
Total	$ 299,015	$ 201,544	$ 104,694	$ 172,989

(7) Major customer information

	2020	2019
	Revenue	Revenue
P Company	$ 89,442	$ 16,011
B Company	76,043	18,787
I Company	49,719	43,735
Z Company	20,361	16,637

Applied BioCode Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Applied Biocode Corporation	Applied BioCode, Inc.	2	$ 326,556	$75,825 (US$2,500 thousand)	$ -	$ -	$ -	0.00%	$ 489,834	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on the Company endorsements/guarantees to others is 50% of the Company's paid-in capital; and limits on the Company endorsements/guarantees to a single party, except for the foreign companies which the Company holds 100% of the voting rights directly or indirectly is 40% of the Company's paid-in capital, is 0% of the Company's net assets. Limits on the Company's and its subsidiaries' total endorsements/guarantees to others is 60% of the Company's paid-in capital, and limit on the Company's and its subsidiaries' total endorsements/guarantees to a single party, except for the foreign companies which the Company holds 100% of the voting rights directly or indirectly is 50% of the Company's paid-in capital, is 0% of the Company's net assets.

Applied BioCode Corporation and Subsidiaries

Information on investees

Year ended December 31, 2020

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, 2020			Net loss of the investee for the year ended December 31, 2020	Investment loss recognized by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Applied BioCode, Corporation	Applied BioCode, Inc.	USA	Research and development of multiplex platform technology and development, prodcution and sales of test equipment, magnetic beads and assays	$ 1,598,105	$ 1,303,105	43,140	100%	$ 622,111	($ 75,742)	($ 75,742)	Subsidiary
Applied BioCode, Inc.	Applied BioCode Taiwan Ltd.	Taiwan	Research and development and sales of Barcode Magnetic Beads and its related assays and test equipment	$ 75,350	$ 45,850	7,535	100%	$ 25,263	($ 15,800)	($ 15,800)	Second-tier subsidiary

Applied BioCode Corporation and Subsidiaries

Information of major stockholders

Year ended December 31, 2020

Table 3

Name of major stockholders	Number of stock held	Ownership (%)
Maxwell Sensors Incorporation	8,307,042	10.18%
Fu Long-Xu	6,821,723	8.36%
Custody account of GRC SinoGreen Fund entrusted under Bank SinoPac.	4,169,131	5.11%

Note : If company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(a) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference of calculation basis.

(b) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.