MEDEON BIODESIGN, INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medeon Biodesign, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Medeon Biodesign, Inc. as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Medeon Biodesign, Inc. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

Key audit matters for Medeon Biodesign, Inc.'s 2020 parent company only financial statements of the current period are stated as follows:

Loss estimation of investments accounted for using equity method

Description

As of December 31, 2020, among investments accounted for using equity method, Delta Asia International Corporation has a balance of NT$693,728 thousand, constituting 33% of the total assets of parent company. The Company uses the future cash flows of Delta International Corporation to discount the recoverable amount of cash generating unit. The above is deemed as the basis of the evaluation of impairment loss. For a description of the accounting policy, please refer to Notes 4(10) and (14); for accounting estimates and assumptions on the allowance for the evaluation of impairment loss and the investments accounted for using equity method, please refer to Notes 5(2) and 6(4).

Since the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows, we determined the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Understood the estimation process of future cash flows of Delta Asia International Corporation by the management.
B. Assessed whether the valuation models adopted by Medeon Biodesign, Inc. are reasonable for its industry, environment and the valued assets.
C. Assessed the reasonableness of significant assumptions (including the expected growth rate and discount rate) applied in the valuation models.

Investments accounted for using equity method- Estimation of allowance for inventory valuation losses of subsidiaries

Description

For a description of the accounting policy for investments accounted for using equity method, please refer to Note 4(10) and for the information of investments accounted for using equity method, please refer to Note 6(4).

The subsidiary, Delta Asia International Corporation, which is an investment accounted for using equity method of Medeon Biodesign, Inc, recognises inventories at the the lower of cost and net realisable value. Due to products are customized and delivered based on the order and quality requested by customers, there is a higher risk of having obsolete inventory. The values of inventories are high and the quantity is substantial, and the estimation of net realisable value often involves subjective judgement and degree of uncertainty. The amount of investments accounted for using equity method is NT$693,728 thousands, constituting 33% of the total assets of parent company, for the year ended December 31, 2020 the investment profit is NT$106,780 thousands, constituting 55% of profit before tax of parent company. Considering the material effect of inventories and its allowance for inventory valuation losses on recognizing shares of loss of associates accounted for using equity method on the parent company only financial statements, we determined the evaluation of estimation of allowance for inventory valuation losses of that subsidiary as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses based on our understanding of the operations and the characteristics of its industry and confirmed whether the accounting policy adopted has changed.
B. Validated the appropriateness of the evaluation of the report of inventories and confirmed that the information on the report is consistent with its policy.
C. Tested whether the basis of market value used in calculating the net realisable value of inventory is consistent with the Company's policy. Validated the selling prices of selected samples of respective inventory and the accuracy of their net realisable value calculation. Assessed the reasonableness of the allowance for inventory valuation losses by reference to sales after the balance sheet date.

Investments accounted for using equity method- Existence of the sales revenue of subsidiaries

Description

For a description of the accounting policy for investments accounted for using equity method, please refer to Note 4(10); for the information on investments accounted for using equity method, please refer to Note 6(4).

The sales revenue of Delta Asia International Corporation, the investment accounted for using equity method subsidiary of Medeon Biodesign, Inc, mainly arises from manufacturing and selling of medical components, the main region of the Group's operations is in the United States. Since the sales revenue from the top ten largest clients increased substantially, and the significant ratio of the sales revenue of top ten largest clients in the financial statements, we determined the existence and occurrence of the top ten largest client's sales revenue of subsidiaries as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of and assessed the internal controls in relation to sales revenue from of the top ten largest clients and validated the operating effectiveness of those above-mentioned internal controls.
B. Confirmed the existence of the transactions of sales revenue from the top ten largest clients by testing and confirming the related certification.
C. Assessed the authenticity of sales revenue by inspecting the relates certification of sales allowance and discounts that occurred after the balance sheet date of the top ten largest clients.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Medeon Biodesign, Inc.'s financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or

business activities within Medeon Biodesign, Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Chou, Hsiao-Tzu　　　　　　Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

January 28, 2021

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 50,259	3	$ 210,685	10
1136	Current financial assets at amortised cost	6(2)	1,058,078	50	1,259,202	60
1170	Accounts receivable, net	6(3) and 12(2)	78,883	4	16,086	1
1180	Accounts receivable - related parties	7	451	-	-	-
1200	Other receivables		2,837	-	5,341	1
1220	Current tax assets		1,992	-	1,458	-
1410	Prepayments		3,122	-	25,530	1
11XX	**Current Assets**		1,195,622	57	1,518,302	73
	Non-current assets					
1550	Investments accounted for using equity method	6(4)	888,344	42	551,517	26
1600	Property, plant and equipment	6(5)	4,469	-	5,843	-
1755	Right-of-use assets	6(6)	12,033	1	7,729	1
1780	Intangible assets	6(7)	5,019	-	6,790	-
1920	Guarantee deposits paid		1,985	-	2,157	-
15XX	**Non-current assets**		911,850	43	574,036	27
1XXX	**Total assets**		$ 2,107,472	100	$ 2,092,338	100

(Continued)

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(14)	$ 2,494	-	$ 12,069	1
2200	Other payables		27,557	1	36,088	2
2220	Other payables - related parties	7	20,021	1	31,966	1
2280	Current lease liabilities		6,826	1	6,581	-
2300	Other current liabilities		254	-	226	-
21XX	**Current Liabilities**		57,152	3	86,930	4
2580	Non-current lease liabilities		5,278	-	1,183	-
25XX	**Non-current liabilities**		5,278	-	1,183	-
2XXX	**Total Liabilities**		62,430	3	88,113	4
	Equity					
	Share capital	6(10)				
3110	Share capital - common stock		665,032	32	664,952	32
	Capital surplus	6(11)				
3200	Capital surplus		1,933,081	91	1,673,945	80
	Retained earnings	6(12)				
3350	Accumulated deficit		(525,912)	(25)	(333,177)	(16)
	Other equity interest	6(13)				
3400	Other equity interest		(6,681)	-	(1,495)	-
3500	Treasury shares	6(10)	(20,478)	(1)	-	-
3XXX	**Total equity**		2,045,042	97	2,004,225	96
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 2,107,472	100	$ 2,092,338	100

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except losses per share)

	Items	Notes	Year ended December 31 2020 AMOUNT	%	2019 AMOUNT	%
4000	Sales revenue	6(14)	$ 123,056	100	$ 110,766	100
5000	Operating costs	6(15)(16) and 7	(89,240)	(73)	(105,508)	(95)
5900	Net operating margin		33,816	27	5,258	5
	Operating expenses	6(15)(16) and 7				
6100	Selling expenses		(46,353)	(38)	(39,349)	(36)
6200	General and administrative expenses		(25,166)	(20)	(26,460)	(24)
6300	Research and development expenses		(77,059)	(62)	(120,372)	(109)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		392	-	(392)	-
6000	Total operating expenses		(148,186)	(120)	(186,573)	(169)
6900	Operating loss		(114,370)	(93)	(181,315)	(164)
	Non-operating income and expenses					
7100	Interest income	6(17)	9,448	8	16,825	15
7010	Other income	6(18) and 7	15,284	12	6,675	6
7020	Other gains and losses	6(19)	(12,681)	(10)	(9,344)	(8)
7050	Finance costs	6(6)	(162)	-	(136)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(4)	(90,254)	(74)	(94,690)	(86)
7000	Total non-operating income and expenses		(78,365)	(64)	(80,670)	(73)
8200	**Loss for the year**		($ 192,735)	(157)	($ 261,985)	(237)
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive loss, before tax, exchange differences on translation		($ 5,186)	(4)	($ 4,818)	(4)
8500	**Total comprehensive loss for the year**		($ 197,921)	(161)	($ 266,803)	(241)
	Basic loss per share	6(21)				
9750	Total basic loss per share		($ 2.91)		($ 3.96)	
9850	Total diluted loss per share		($ 2.91)		($ 3.96)	

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Share capital		Capital surplus							
	Notes	Common stock	Advance receipts for share capital	Additional paid-in capital	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee stock warrants	Accumulated deficit	Financial statements translation differences of foreign operations	Treasury shares	Total equity
2019											
Balance at January 1, 2019		$ 521,391	$ 28,342	$1,291,839	$ -	$ -	$ 8,791	($ 214,443)	$ 3,323	$ -	$1,639,243
Loss for the year		-	-	-	-	-	-	(261,985)	-	-	(261,985)
Other comprehensive loss for the year	6(13)	-	-	-	-	-	-	-	(4,818)	-	(4,818)
Total comprehensive loss		-	-	-	-	-	-	(261,985)	(4,818)	-	(266,803)
Capital surplus used to offset accumulated deficits		-	-	(214,443)	-	-	-	214,443	-	-	-
Capital surplus transferred to capital		60,391	-	(60,391)	-	-	-	-	-	-	-
Issuance of shares	6(10)	80,000	(28,342)	608,000	-	-	-	-	-	-	659,658
Share-based payments	6(9)	-	-	2,211	-	-	927	-	-	-	3,138
Exercise of employee stock options	6(9)	3,170	-	3,644	-	-	(3,644)	-	-	-	3,170
Changes in ownership interests in subsidiaries		-	-	-	37,011	-	-	(71,192)	-	-	(34,181)
Balance at December 31, 2019		$ 664,952	$ -	$1,630,860	$ 37,011	$ -	$ 6,074	($ 333,177)	($ 1,495)	$ -	$2,004,225
2020											
Balance at January 1, 2020		$ 664,952	$ -	$1,630,860	$ 37,011	$ -	$ 6,074	($ 333,177)	($ 1,495)	$ -	$2,004,225
Loss for the year		-	-	-	-	-	-	(192,735)	-	-	(192,735)
Other comprehensive loss for the year	6(13)	-	-	-	-	-	-	-	(5,186)	-	(5,186)
Total comprehensive loss		-	-	-	-	-	-	(192,735)	(5,186)	-	(197,921)
Exercise of employee stock options	6(9)	80	-	46	-	-	(46)	-	-	-	80
Changes in ownership interests in subsidiaries		-	-	-	(31,111)	290,247	-	-	-	-	259,136
Purchase of treasury shares	6(10)	-	-	-	-	-	-	-	-	(20,478)	(20,478)
Balance at December 31, 2020		$ 665,032	$ -	$1,630,906	$ 5,900	$ 290,247	$ 6,028	($ 525,912)	($ 6,681)	($ 20,478)	$2,045,042

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 192,735)	($ 261,985)
Adjustments			
Adjustments to reconcile profit (loss)			
Share based compensation cost	6(9)	-	3,138
Depreciation expense	6(5)(6)(15)	10,800	12,028
Amortization expense	6(7)(15)	1,989	2,252
Expected credit (gain) loss		(392)	392
Interest expense	6(6)	162	136
Interest income	6(17)	(9,448)	(16,825)
Share of loss of associates and joint ventures accounted for using equity method	6(4)	90,254	94,690
Gain on disposal of use-of-right assets		-	(2)
Loss on disposal of property, plant and equipment	6(19)	-	43
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(62,405)	902
Accounts receivable - related parties		(451)	-
Other accounts receivable		(786)	9,397
Prepayments		22,408	(4,071)
Changes in operating liabilities			
Current contract liabilities		(9,575)	(60,005)
Other payables		(8,356)	2,053
Other payables to related parties		(11,945)	3,853
Other current liabilities		28	88
Cash outflow generated from operations		(170,452)	(213,916)
Interest received		12,738	17,404
Interest paid	6(6)	(162)	(136)
Income taxes paid		(534)	(326)
Net cash flows used in operating activities		(158,410)	(196,974)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal (acquisition) of financial assets at amortised cost		201,124	(350,667)
Acquisition of investments accounted for using equity method		(216,490)	(306,230)
Proceeds from disposal of investments accounted for using equity method		-	46,440
Acquisition of property, plant and equipment	6(5)(22)	(1,796)	(3,965)
Acquisition of intangible assets	6(7)	(218)	(916)
Decrease in guarantee deposits paid		172	27
Decrease in other financial assets	6(14)	-	126,811
Dividends received		43,359	1,207
Net cash flows from (used in) investing activities		26,151	(487,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	659,658
Exercise of employee share options	6(9)	80	3,170
Acquisition of treasury shares	6(10)	(20,478)	-
Payments of lease liabilities	6(6)	(7,769)	(8,219)
Net cash flows (used in) from financing activities		(28,167)	654,609
Net decrease in cash and cash equivalents		(160,426)	(29,658)
Cash and cash equivalents at beginning of year		210,685	240,343
Cash and cash equivalents at end of year		$ 50,259	$ 210,685

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

MEDEON BIODESIGN, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medeon Biodesign, Inc. (the "Company") was incorporated and approved by the Ministry of Economic Affairs, R.O.C . on December 22, 2012. The Company is primarily engaged in the research and development, and marketing and sale of minimally invasive medical devices. The shares of the Company have been trading on the Taipei Exchange since July, 2016.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on January 28, 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 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	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 application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 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 Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 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 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. These parent company only 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) <u>Cash and cash equivalents</u>

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

(6) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

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

(7) <u>Accounts and notes receivable</u>

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

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

(8) <u>Impairment of financial assets</u>

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

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Investments accounted for using equity method/subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. 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 Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

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

E. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the nonconsolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the nonconsolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment 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:

Research and development equipment	3 years
Office equipment	3~ 5 years
Leasehold improvements	3~ 5 years

(12) 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 fixed payments, less any lease incentives receivable.

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

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

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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.

(13) Intangible assets

Intangible assets, mainly patent and computer software are amortized on a straight-line basis over its economic benefit period of 3~8 years.

(14) Impairment of non-financial assets

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

(15) 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 recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For 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' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(16) Employee share-based payment

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

(17) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities.

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.

(18) Share capital

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

(19) Revenue recognition

A. Revenue from assignment of intellectual property and revenue from research and development services

The Company entered into the contracts with a customer to assign the Company’s intellectual property and to provide follow-up research and development services to customers. The Company has determined that the assignment of its intellectual property and follow-up research services are distinguishable. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The possibility of a variable price contained in the contract resulting in revenue to be written off may be significant when the uncertainty between the expected and variable price is eliminated. In this case, variable price is included in the contract. Revenue recognition is based on the different types of revenue is as follows:

(a) Revenue from assignment of intellectual property

The Company entered into a contract with a customer to assign the Company's intellectual property to customers. The Company recognises the revenue when the intellectual property is transferred to a customer at a point in time.

(b) Revenue from research and development services

The Company provided services related to research and development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on a ratio of the actual costs spent relative to the total expected costs. Under the circumstances that the Company lacks reliable information in the application of the appropriate method of measuring completion, the Company could estimate the collectible completed cost obligated, it then becomes possible for the Company to recognise revenue in the range of completed cost before the outcome of reasonable obligation. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Company's estimates on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

B. Sales of goods

(a) The Company manufactures and sells medical device. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 50	$ 85
Demand deposits	50,209	204,604
Time deposits	-	5,996
	$ 50,259	$ 210,685

(2) Current financial assets at amortised cost

	December 31, 2020	December 31, 2019
Time deposits maturing in excess of three months	$ 1,058,078	$ 1,259,202

A. There are no time deposits pledged to others as collateral.

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

(3) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	$ 78,883	$ 16,478
Less: Allowance for bad debts	-	(392)
	$ 78,883	$ 16,086

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

	December 31, 2020	December 31, 2019
Not past due	$ 78,450	$ 3,937
Up to 30 days	108	1,884
31 to 90 days	325	9,088
Over 180 days	-	1,569
	$ 78,883	$ 16,478

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $17,380.

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

D. The Company does not hold any collateral as security.

E. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $78,883 and $16,086, respectively.

(4) Investments accounted for using equity method

A. Long-term equity investment is as follows:

Investee	December 31, 2020	December 31, 2019
Delta Asia International Corporation	$ 693,728	$ 340,058
Medeon International, Inc.	110,021	112,967
MedeonBio, Inc.	44,321	53,771
Prodeon Medical Corporation	40,174	44,721
Yi Chuang Biodesign, Inc.	100	-
	$ 888,344	$ 551,517

B. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2020.

C. The Company respectively increased the capital of Medeon International, Inc. through a cash infusion in February and September 2020, totaling USD 4,010,000.

D. The Company increased the capital of Prodeon Medical Corporation through a cash infusion in September 2020, totaling $100,008, and increased its shareholding to 73.54%. Also, the amendment of registration has been completed.

E. The Company funded Yi Chuang Biodesign, Inc. with a total capital of $100 in May 2020.

(5) Property, plant and equipment

	2020			
	Research and development equipment	Office equipment	Leasehold improvements	Total
At January 1				
Cost	$ 13,186	$ 5,592	$ 6,430	$ 25,208
Accumulated depreciation	(7,845)	(5,262)	(6,258)	(19,365)
	$ 5,341	$ 330	$ 172	$ 5,843
Opening net book amount as at January 1	$ 5,341	$ 330	$ 172	$ 5,843
Additions	967	654	-	1,621
Depreciation charge	(2,392)	(431)	(172)	(2,995)
Closing net book amount as at December 31	$ 3,916	$ 553	$ -	$ 4,469
At December 31				
Cost	$ 13,607	$ 6,105	$ 6,430	$ 26,142
Accumulated depreciation	(9,691)	(5,552)	(6,430)	(21,673)
	$ 3,916	$ 553	$ -	$ 4,469

	2019			
	Research and development equipment	Office equipment	Leasehold improvements	Total
At January 1				
Cost	$ 9,236	$ 5,640	$ 6,430	$ 21,306
Accumulated depreciation	(5,723)	(4,642)	(5,512)	(15,877)
	$ 3,513	$ 998	$ 918	$ 5,429
Opening net book amount as at January 1	$ 3,513	$ 998	$ 918	$ 5,429
Additions	4,229	-	-	4,229
Disposals	(43)	-	-	(43)
Depreciation charge	(2,358)	(668)	(746)	(3,772)
Closing net book amount as at December 31	$ 5,341	$ 330	$ 172	$ 5,843
At December 31				
Cost	$ 13,186	$ 5,592	$ 6,430	$ 25,208
Accumulated depreciation	(7,845)	(5,262)	(6,258)	(19,365)
	$ 5,341	$ 330	$ 172	$ 5,843

There are no property, plant and equipment that were pledged to others as collaterals.

(6) Leasing arrangements－lessee

A. The Company leases assets including buildings and land. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings and land	$ 12,033	$ 7,729
	Year ended December 31, 2020	Year ended December 31, 2019
Buildings and land	Depreciation charge	Depreciation charge
	$ 7,805	$ 8,256

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $12,109 and $5,805, respectively.

D. The information on profit and loss accounts relating 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	$ 162	$ 136

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $7,769 and $8,219, respectively.

(7) Intangible assets

	2020		
	Patent	Software	Total
At January 1			
Cost	$ 12,707	$ 4,007	$ 16,714
Accumulated amortisation	(6,759)	(3,165)	(9,924)
	$ 5,948	$ 842	$ 6,790
Opening net book amount as at January 1	$ 5,948	$ 842	$ 6,790
Additions	-	218	218
Amortisation charge	(1,622)	(367)	(1,989)
Closing net book amount as at December 31	$ 4,326	$ 693	$ 5,019
At December 31			
Cost	$ 12,707	$ 4,225	$ 16,932
Accumulated amortisation	(8,381)	(3,532)	(11,913)
	$ 4,326	$ 693	$ 5,019

	2019		
	Patent	Software	Total
At January 1			
Cost	$ 12,707	$ 3,091	$ 15,798
Accumulated amortisation	(5,137)	(2,535)	(7,672)
	$ 7,570	$ 556	$ 8,126
Opening net book amount as at January 1	$ 7,570	$ 556	$ 8,126
Additions	-	916	916
Amortisation charge	(1,622)	(630)	(2,252)
Closing net book amount as at December 31	$ 5,948	$ 842	$ 6,790
At December 31			
Cost	$ 12,707	$ 4,007	$ 16,714
Accumulated amortisation	(6,759)	(3,165)	(9,924)
	$ 5,948	$ 842	$ 6,790

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Operating costs	$ 205	$ 372
Selling expenses	19	24
Administrative expenses	58	79
Research and development expenses	1,707	1,777
Total	$ 1,989	$ 2,252

A. Patent is comprised of the related patents and professional technologies of developing minimally invasive medical devices.

B. For the purpose of better managing intellectual property, and focusing resources on research and development of related projects to speed up commercialization and afterward asset sale, Medeon Biosurgical, Inc. (the "MBS" Company), a second-tier subsidiary of the Company, not only transfers the technology of ClickClean^{TM}and Abclose™, etc, to the Company, and signed an agreement with the other shareholder of MBS Company, Shen De Biodesign, Inc. (the " Shen De" Company). The agreement states that if the licensing price of research and development results exceeds the transfer price between Shen De Comapny and Medeon Biodesign, the Company should allocate 42.99 % of the profit to Shen De Company. For the year ended at December 31, 2020, there was no payment to be allocated to Shen De Company.

(8) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019, were $3,042 and $3,051, respectively.

(9) Share-based payment

A. The Company issues employee stock options to full-time employee by issuing new stock. The main content is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Estimated resign rate	Vesting conditions
Employee stock options	2013.9.27 and 2014.8.13	2,570,000	10 years	21.0%~36.8%	Note
Employee stock options	2014.8.13	260,000	10 years	6.1%~11.6%	Note
Employee stock options	2014.11.18	820,000	10 years	6%~12%	Note
Employee stock options	2015.6.8	642,000	10 years	11.6%~23.3%	Note
Employee stock options	2015.11.3	538,000	10 years	29.5%~59.1%	Note
Cash capital increase reserved for employee preemption	2018.12.1	402,000	NA	NA	Vested immediately

Note: When employee stock options have expired two years, stock options can be exercised based on the following schedule:

Accumulated ratio stock options that can be exercised

Expired 2 years 50%

Expired 3 years 75%

Expired 4 years 100%

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

	2020		2019	
	No. of options	Weighted-average exercise price (NTD)	No. of options	Weighted-average exercise price (NTD)
Options outstanding at January 1	627,500	$ 10~192	944,500	$ 10~222
Options exercised	(8,000)	10	(317,000)	10
Options outstanding at December 31	619,500	10~192	627,500	10~192
Options exercisable at December 31	619,500	10~192	627,500	10~192

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2020		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (NTD)	No. of shares (in thousands)	Exercise price (NTD)
2013.9.27	2023.9.27	35	$ 10	35	$ 10
2013.9.27	2024.8.13	75	10	75	10
2014.8.13	2024.8.13	13	10	13	10
2014.11.18	2024.11.18	15	10	23	10
2015.6.8	2025.6.8	362	169	362	169
2015.11.3	2025.11.3	120	192	120	192

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

Grant date	Stock price (NTD)	Expected price volatility	Option life	Expected dividends rate	Risk-free interest rate	Fair value per unit (NTD)
2013.9.27	$ 10	39.93% ~ 41.53%	7 years	0%	0.78% ~ 1.66%	$ 2~2.29
2014.8.13 ~ 11.18	$ 10	39.75% ~ 40.67%	6~7 years	0%	1.37% ~ 1.48%	$ 5.55~7.07
2015.6.8	$ 204	34.75% ~ 42.35%	6~7 years	0%	1.26% ~ 1.39%	$ 10.15~13.28
2015.11.3	$ 222	44.25% ~ 45.22%	6~7 years	0%	1.01% ~ 1.09%	$ 34.14~ 40.26
2018.12.1	$ 86	31.51%	0.1 years	0%	0.60%	$ 5.50

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

	Year ended December 31, 2020	Year ended December 31, 2019
Equity-settled	$ -	$ 3,138

(10) Share capital/Treasury shares

A. As of December 31, 2020, the Company's authorised capital was $1,000,000, consisting of 100,000,000 shares of ordinary stock, and the paid-in capital was $665,032 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 ordinary shares outstanding are as follows:

	2020	2019
	No. of shares	No. of shares
At January 1	66,495,159	52,139,054
Capitalisation of capital surplus	-	6,039,105
Cash capital increase	-	8,000,000
Purchase of treasury shares	(394,000)	-
Employee stock options exercised	8,000	317,000
At December 31	66,109,159	66,495,159

B. In 2020 and 2019, the separate amount recollected due to the exercised employee stock options by the Company is $80 and $3,170, respectively.

C. In 2018, the Company increased its capital by issuing 8,000 thousand shares with a price of NTD 86 per share. The date of the capital increase was set on January 17, 2019. The above capital increase was registered on February, 2019.

D. Treasury Shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (There were no such transactions for the year ended December 31,2019.)

		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	394,000	$ 20,478

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(11) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(12) Accumulated deficits to be covered

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. There is no need for such action if legal reserve meets paid-in capital, it then distributes or rotates legal reserve based on the law. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders.

The dividend distribution policy of the Company reported to shareholders meeting annually by the Board of Directors is based not only on the current and future investing environment, funds needed, domestic and foreign competition, and the situation of capital, but on the interest of shareholders, balanced dividend and the long-term plans for the Company. The category and ratio of the dividend from the dividend policy may be adjusted by the shareholders based on the actual profit and the situation of available funds of the year. The only restriction is that the total amount of dividend distributed must not be lower than 10 percent of the year's distributable dividend and the ratio of cash dividend distributed must not be lower than 10 percent of the total dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. As of June 13, 2019, the capital surplus of $60,391 and capital increase by retained earnings through the issuance of 6,039,105 of new shares with a par value of NTD 10 were approved at the shareholders' meeting. The above capital increase had been approved by the Financial Supervisory Commission and regristered.

D. As of June 16, 2020, the shareholders' meeting approved a decision that there will be no distribution of shareholders' dividend due to a loss after tax. The dividend policy approved at the shareholders' meeting and those waiting to be resolved by the Board of Directors are posted on the Market Observation Post System.

E. Pursuant to the R.O.C. Securities and Exchange Act, if the financial losses exceed 50% of paid-in capital, the Board of Directors should report the matter at the next shareholders' meeting.

(13) Other equity items

	2020	2019
	Currency translation	Currency translation
At January 1	($ 1,495)	$ 3,323
Currency translation differences:		
–Group	(5,186)	(4,818)
At December 31	($ 6,681)	($ 1,495)

(14) Operating revenue

	Year ended December 31,	
	2020	2019
Revenue from research and development services	$ 123,056	$ 106,416
Sales revenue	-	4,350
	$ 123,056	$ 110,766

A. The Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system ("IVC-C01") with Terumo Medical Corporation ("Terumo") on March 2, 2018. According to the agreements, the Company continues to provide services including product development, clinical studies, regulatory affairs, and product supply after the transaction.

The total transaction price of the aforementioned agreements is USD 50 million, consisting of the upfront cash payment of USD 20 million which is fully paid upon closing, and the additional milestone payment up to USD 30 million. The milestone payment will be paid upon achieving the following milestones: (a) completing next-generation product design verification before the end of March 2020 for USD 5 million; (b) obtaining U.S. FDA premarket approval (PMA approval) for the current generation product before the end of June 2021 for USD 10 million; (c) obtaining U.S. FDA PMA approval for the next-generation product before the end of June 2022 for USD 15 million.

Terumo is responsible for all product development costs (including regulatory and clinical related costs), except Terumo and the Company are responsible for its own respective design and development costs for the next-generation product. As agreed by both parties, if any design changes of the next-generation product lead to additional clinical studies requested by the U.S. FDA, the related costs shall be borne by the Company.

Considering the external factors and product development timeline, both parties agreed to revise the agreements accordingly and executed the Amendment in August 2020.

Consistent with the overall milestone payments of USD 30 million in the original agreements, each milestone and timeline has been adjusted as follows: (a) completing engineering verification and technology transfer of the next-generation product before the end of December 2020 for USD 2.5 million; completing design verification of the next-generation product before the end of June

2022 for USD 1 million; (b) completing FDA cGMP audit before the end of June 2021 for USD 2 million; obtaining U.S. FDA PMA approval for the product before the end of December 2021 for USD 6 million; (c) submitting the PMA application for the next-generation product before December 2022 for USD 3 million; obtaining FDA PMA approval for the next-generation product before the end of December 2023 for USD 7 million; (d) launching the next-generation product before December 2023 for USD 4 million; reaching a sales target of 12,500 and 25,000 units within 3 years from product launch for USD 2 million respectively. Other clauses remain unchanged except for the amendments described above. The Amendment has been approved by the Board of Directors on August 6, 2020.

However, the U.S. FDA might postpone overseas on-site audits due to the impact of the COVID-19 pandemic. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to divide the first item of milestone payment (b) in the aforementioned amendment into the following two payments: (i) completing the preparation for the U.S. FDA cGMP audit before the end of June 2021 for USD 1 million; (ii) completing the U.S. FDA cGMP on-site audit for USD 1 million (no due date specified). Except the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 24, 2020.

B. The representations and warranties provided by the Company to Terumo, under this Agreement, includes:

(a) The Company is a validly existing legal entity, which is warranted indefinitely. In case of violation, the liability cap of the Company for the breach of this warranty is equal to the transaction price.

(b) The intellectual property warranty which shall remain in effect until the first anniversary of the FDA PMA approval of the next generation product, but no later than July 2023. The liability cap of the Company for the breach of this warranty is initially $2.5 million and will increase with an amount equal to 37.5% of the total receivable milestone payments.

(c) The warranties, except for (a) and (b), shall become effective from the closing and remain valid for a period of 18 months, and the liability cap of the Company for the breach is initially USD 2.5 million and will increase with an amount equal to 12.5% of the total receivable milestone payments.

The maximum amount of liability for the breach of warranties specified above shall not exceed USD 13.75 million unless any of such losses and damages is arising from intentional breach or fraud.

C. Disaggregation of revenue from contracts with customers

The revenue of the Company can be disaggregated as follows:

2020	Revenue from research and development services	Sales revenue	Total
Revenue by region			
America	$ 123,056	$ -	$ 123,056
Taiwan	-	-	-
Total segment revenue	$ 123,056	$ -	$ 123,056
Timing of revenue			
At a point in time	$ 111,896	$ -	$ 111,896
Over time	11,160	-	11,160
	$ 123,056	$ -	$ 123,056

2019	Revenue from research and development services	Sales revenue	Total
Revenue by region			
America	$ 106,416	$ 4,295	$ 110,711
Taiwan	-	55	55
Total segment revenue	$ 106,416	$ 4,350	$ 110,766
Timing of revenue			
At a point in time	$ -	$ 4,350	$ 4,350
Over time	106,416	-	106,416
	$ 106,416	$ 4,350	$ 110,766

D. Contract liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Contract relating to research and development services	$ 2,494	$ 12,069	$ 72,074

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

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advanced sales receipts	$ 12,069	$ 60,005

(15) Expenses by nature

	2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 25,469	$ 54,903	$ 80,372
Depreciation charges on property, plant and equipment	2,097	898	2,995
Depreciation charges on right-of-use assets	5,468	2,337	7,805
Amortisation charges	205	1,784	1,989

	2019		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 29,029	$ 58,599	$ 87,628
Depreciation charges on property, plant and equipment	2,195	1,577	3,772
Depreciation charges on right-of-use assets	-	8,256	8,256
Amortisation charges	372	1,880	2,252

(16) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 67,795	$ 73,595
Labour and health insurance fees	4,832	4,926
Pension costs	3,042	3,051
Directors' remuneration	2,156	2,052
Other personnel expenses	2,547	4,004
	$ 80,372	$ 87,628

A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, after covering accumulated losses, shall be reserved no less than 1% for employees compensation and no more than 2% for directors remuneration.

B. For the years ended December 31, 2020 and 2019, no employees compensation and directors remuneration were accrued due to accumulated deficit of the Company.

C. Information about employees compensation and directors remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Interest income

	Year ended December 31,	
	2020	2019
Interest income from bank deposits	$ 9,448	$ 16,825

(18) Other income

	Year ended December 31,	
	2020	2019
Service income	$ 11,611	$ 6,675
Other income	3,673	-
	$ 15,284	$ 6,675

Information relating to service income is provided in Note 7(2)C.

(19) Other gains and losses

	Year ended December 31,	
	2020	2019
Net foreign exchange losses	($ 12,681)	($ 9,303)
Losses on disposals of property, plant and equipment	-	(43)
Other gains and losses	-	2
	($ 12,681)	($ 9,344)

(20) Income tax

A. For the years ended December 31, 2020 and 2019, income tax expense are both $0.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	($ 38,547)	($ 52,397)
Effect on income tax expense by tax regulation	(5,625)	(1,428)
Temporary differences not recognised as deferred tax assets	22,802	22,317
Taxable loss not recognised as deferred tax assets	21,370	31,508
Income tax expense	$ -	$ -

C. As of December 31, 2020, details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	Year incurred	Total deductible amount	Unused tax credits	Expiry year
Research and development	2013	$ 5,059	$ 5,059	Note
Research and development	2014	6,144	6,144	Note
Research and development	2015	14,860	14,860	Note
Research and development	2016	24,158	24,158	Note
Research and development	2017	29,625	29,625	Note
Research and development	2018	30,369	30,369	Note
		$ 110,215	$ 110,215	

Note: Under the Regulations Governing Application of Investment Tax Credits to the Funds Invested in Research and Development and Personnel Training by a Biotech and New Pharmaceuticals Company, the Company is entitled to the investment tax credits, which can be used to offset against the income tax payable starting from the time when the Company is subject to corporate income tax. Any unused tax credit is available for the following four years.

Due to the uncertainty of its realization, the aforementioned unused research and development deductible is not recognized as deferred tax assets.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	$ 207,538	$ 56,299	$ 56,299	2026
2017	208,621	180,794	180,794	2027
2019	146,059	146,059	146,059	2029
2020	106,853	106,853	106,853	2030
	$ 669,071	$ 490,005	$ 490,005	

E. For the year ended December 31, 2020, the Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(21) Losses per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent	($ 192,735)	66,250	($ 2.91)

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent	($ 261,985)	66,084	($ 3.96)

Due to loss in 2020 and 2019, potential ordinary stocks are excluded since such stocks are anti-dilutive. Therefore, it is the same as basic losses per share.

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of property, plant and equipment	$ 1,621	$ 4,229
Add: Opening balance of payable on equipment	264	-
Less: Ending balance of payable on equipment	(89)	(264)
Cash paid during the period	$ 1,796	$ 3,965

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Delta Asia International Corporation	The Company's subsidiary
Prodeon Medical Corporation	The Company's subsidiary
Yi Chuang Biodesign, Inc.	The Company's subsidiary
MedeonBio, Inc.	The Company's subsidiary
Medeon International, Inc.	The Company's subsidiary
Panther Orthopedics, Inc.	The Company's second-tier subsidiary
Aquedeon Medical, Inc.	The Company's second-tier subsidiary
Jaguar Orthopedics, Inc.	The Company's second-tier subsidiary

(2) Significant related party transactions

A. Operating cost:

	Year ended December 31, 2020	Year ended December 31, 2019
Delta Asia International Corporation	$ 14,919	$ 20,857
MedeonBio, Inc.	-	2,559
	$ 14,919	$ 23,416

The Company commissioned its subsidiary to assist in the development of medical devices. The terms of the transaction is agreed by both parties. The period of payment is 30 to 60 days.

B. Operating expense:

	Year ended December 31,	
	2020	2019
MedeonBio, Inc.	$ 53,261	$ 63,975
Delta Asia International Corporation	9,757	22,195
	$ 63,018	$ 86,170

The Company is commissioned by its subsidiary to assist in the research and promotion of medical devices. The terms of transaction is agreed by both parties. The period of payment is 30 to 60 days.

C. Other income - service income:

	Year ended December 31,	
	2020	2019
Prodeon Medical Corporation	$ 8,592	$ 4,790
Aquedeon Medical, Inc.	3,019	1,885
	$ 11,611	$ 6,675

The Company is commissioned by its subsidiary to assist in the research and management of medical devices. The terms of transaction is agreed by both parties. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

D. Accounts receivable:

	December 31, 2020	December 31, 2019
Aquedeon Medical, Inc.	$ 451	$ -

The Company is commissioned by its subsidiary to assist in the research and management of medical devices. The terms of the transaction is agreed by both parties. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

E. Other payables:

	December 31, 2020	December 31, 2019
MedeonBio, Inc.	$ 9,519	$ 22,235
Delta Asia International Corporation	4,146	3,040
Medeon International, Inc.	6,356	6,691
	$ 20,021	$ 31,966

These mainly consist of research and development service payable, production of medical devices and payable of purchasing patent rights, etc. Payable of purchasing patent rights represents intangible assets purchased from the Company's subsidiaries that have not yet met the payment conditions according to the contract. Information relating to service income is provided in Note 6(7) B.

(3) Key management compensation

	Year ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 21,102	$ 23,751

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

A. Information relating to the profit distribution of the commercialization of research products according to the intangible asset transfer contract signed between the Company and Shen De Biodesign, Inc. is provided in Note 6(7).

B. Information relating to the commitment stipulated in the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system signed with Terumo is provided in Note 6(14).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On January 28, 2021, the Board of Directors approved the cash capital increase of MedeonBio, Inc. with a full subscription of 1 million shares and a total amount of USD 2 million.

12. Others

(1) Capital management

The Company's objectives when managing capital at this stage are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, and to provide stable returns for shareholders after the future operation become profitable. To achieve the aforementioned targets, the Company maintains or adjusts its capital structure through, but not limited to, cash capital increase to repay or replenish working capital, dividend distribution, capital reduction and others. The Company monitors and manages capital on the basis of the debt-to-equity ratio. The ratio is calculated as 'net debt' divided by 'total equity'. The net debt is calculated as 'total liability' less cash and cash equivalents. 'Total equity' is calculated as 'total equity' as shown in the balance sheet.

During the years ended December 31, 2020 and 2019 , the debt-to-equity ratio is 0.6% and 0%, respectively.

(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	$	50,259	$	210,685
Financial assets at amortised cost		1,058,078		1,259,202
Accounts receivable(including related parties)		79,334		16,086
Other receivables		2,837		5,341
Guarantee deposits paid		1,985		2,157
	$	1,192,493	$	1,493,471
Financial liabilities				
Financial liabilities at amortised cost				
Other accounts payable(including related parties)	$	47,578	$	68,054
Lease liability	$	12,104	$	7,764

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, the Company focuses its financial risk management policies on the unpredictable in financial markets.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company operates internationally and is exposed to foreign exchange risk, primarily USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investment to foreign operations.

ii. Management has set up a policy to manage their foreign exchange risk against their functional currency. The company is required to coordinate with the treasury to hedge their entire foreign exchange risk. Foreign exchange risk occurs when future commercial transactions and recognised assets and liabilities uses currency that is not the main functional currency.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,393	28.48	$ 239,033
Non-monetary items			
USD:NTD	5,419	28.48	154,342
Financial liabilities			
Monetary items			
USD:NTD	605	28.48	17,230

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,857	29.98	$ 325,493
Non-monetary items			
USD:NTD	5,562	29.98	166,738
Financial liabilities			
Monetary items			
USD:NTD	1,155	29.98	34,627

v. The total exchange gain loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to $12,681 and $9,303, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	1%	$	2,390	$ -
Financial liabilities				
Monetary items				
USD:NTD	1%		172	-

	Year ended December 31, 2019			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	1%	$	3,255	$ -
Financial liabilities				
Monetary items				
USD:NTD	1%		346	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only rated parties with a good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customers' accounts receivable in accordance with credit rating of customers. The Company applies the simplified approach using provision matrix to estimate expected credit loss.

vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	Total
At December 31, 2020					
Expected loss rate	0.03%	0.03%	0.03%	25%	
Total book value	$ 78,450	$ 108	$ 776	$ -	$ 79,334
Loss allowance	$ -	$ -	$ -	$ -	$ -
At December 31, 2019					
Expected loss rate	0.03%	0.03%	0.03%	25%	
Total book value	$ 3,937	$ 1,884	$ 9,088	$ 1,569	$ 16,478
Loss allowance	$ -	$ -	$ -	$ 392	$ 392

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020	2019
	Accounts receivable	Accounts receivable
At January 1	$ 392	$ -
Provision for impairment loss	-	392
Reversal of impairment loss	(392)	-
At December 31	$ -	$ 392

(c) Liquidity risk

i. Cash flow forecasting is performed by treasury. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and research needs.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other payables	$ 47,578	$ -	$ -	$ -
Lease liability	6,979	3,371	1,981	-

Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other payables	$ 68,054	$ -	$ -	$ -
Lease liability	6,648	799	400	-

(3) Fair value information

The management of the Company has determined that the book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, guarantee deposits paid, other financial assets and other payables.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Table 1.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to Table 2.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Please refer to Table 3.

14. Segment Information

Parent company only financial statements is exempted from segment information disclosure.

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
0	Medeon Biodesign, Inc.	Delta Asia International Corporation	1	Operating expense	$ 9,757	Agreed by both parties	1.49
0	Medeon Biodesign, Inc.	Delta Asia International Corporation	1	Operating cost	14,919	Agreed by both parties	2.28
0	Medeon Biodesign, Inc.	Delta Asia International Corporation	1	Other payables- related parties	4,146	Agreed by both parties	0.13
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Operating expense	53,261	Agreed by both parties	8.15
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Other payables- related parties	9,519	Agreed by both parties	0.29
0	Medeon Biodesign, Inc.	Medeon International, Inc.	1	Other payables- related parties	6,356	Agreed by both parties	0.19
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other income	8,592	Agreed by both parties	1.31
0	Medeon Biodesign, Inc.	Aquedeon Mediacal, Inc.	1	Other income	3,019	Agreed by both parties	0.46
0	Medeon Biodesign, Inc.	Aquedeon Mediacal, Inc.	1	Accounts receviable- related parties	451	Agreed by both parties	0.01
1	MedeonBio, Inc.	Prodeon Medical Corporation	3	Operating revenue	92,837	Agreed by both parties	14.20
1	MedeonBio, Inc.	Prodeon Medical Corporation	3	Accounts receviable- related parties	9,853	Agreed by both parties	0.30
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Operating revenue	24,203	Agreed by both parties	3.70
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Accounts receviable- related parties	6,267	Agreed by both parties	0.19

NOTE1： The above transactions between the Company and its subsidiaries and those between the subsidiaries have been wrote-off in the consolidated financial reports.

NOTE2： The numbers for the company in respect of inter-company transactions are as follows：

Medeon Biodesign, Inc.：0

MedeonBio, Inc.：1

Medeon International, Inc.：2

Delta Asia International Corporation：3

Prodeon Medical Corporation：4

Panther Orthopedics, Inc.：5

Aquedeon Mediacal, Inc.：6

NOTE3： Relationship between transaction company and counterparty is classified into the following three categories：

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

MEDEON BIODESIGN, INC.

Information on investees

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2020				Investment income(loss)	
			Main business	Balance	Balance				Net profit (loss)	recognised by the Company	
Investor	Investee	Location	activities	as at December 31, 2020	as at December 31, 2019	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2020	for the year ended December 31, 2020	Footnote
Medeon Biodesign, Inc.	Delta Asia International Corporation	Taiwan (R.O.C)	Manufacturing and sales of medical device components	$ 310,895	$ 310,895	10,839,508	52.25	$ 693,728	$ 182,396	$ 106,780	Note 4
Medeon Biodesign, Inc.	Prodeon Medical Corporation	Taiwan (R.O.C)	Manufacturing and development of medical devices	292,798	192,790	8,228,500	73.54	40,174	(109,458)	(78,545)	
Medeon Biodesign, Inc.	Yi Chuang Biodesign, Inc.	Taiwan (R.O.C)	Sales of medical devices	100	-	10,000	100.00	100	-	-	
Medeon Biodesign, Inc.	MedeonBio, Inc.	US	Manufacturing and development of medical devices	103,512	103,512	1,900,000	100.00	44,321	(8,063)	(8,063)	
Medeon Biodesign, Inc.	Medeon International, Inc.	Samoa	Equity investment and commerce of medical devices	451,037	334,654	14,910,000	100.00	110,021	(110,426)	(110,426)	
Medeon International, Inc.	Panther Orthopedics, Inc.	US	Manufacturing and development of medical devices	142,400	149,900	3,500,000	66.04	32,135	(48,286)	(31,888)	Note 1 and 3
Medeon International, Inc.	Aquedeon Medical, Inc.	US	Manufacturing and development of medical devices	215,309	107,928	4,400,000	95.65	70,120	(83,243)	(78,332)	Note 2 and 3
Medeon International, Inc.	Jaguar Orthopedics, Inc.	US	Manufacturing and development of medical devices	-	-	2,000,000	50.00	(474)	(492)	(246)	Note 5

Note 1：It is originally 5 million US dollars, using the exchange rate at the balance sheet day to convert.
Note 2：It is originally 7.56 million US dollars, using the exchange rate at the balance sheet day to convert.
Note 3：Preferred stock.
Note 4：The profit and loss of investee excludes the amortisation of intangible assets generated by business merger.
Note 5：It is established by the spun-off of Panther Orthopedics, Inc.

MEDEON BIODESIGN, INC.
Major shareholders information
December 31, 2020

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc.	19,772,252	29.73
Taiwan Global Biofund	11,557,134	17.37
Medeon, Inc. (Cayman Island)	7,540,392	11.33

MEDEON BIODESIGN, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT1

Item	Description	Amount	
Cash on hand		$	50
Demand deposits			35,188
Foreign deposits	USD 527,492; conversion rate 1: 28.48		15,021
		$	50,259

MEDEON BIODESIGN, INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT2

Client Name	Description	Amount	Note
Terumo Medical Corporation		$ 78,883	
Less: Allowance for bad debts		-	
Total		$ 78,883	

MEDEON BIODESIGN, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT3

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Delta Asia International Corporation	10,839,508	$ 340,058	-	$ 397,029	-	($ 43,359)	10,839,508	52.25%	$ 693,728	270.00	$ 2,926,667	None
Prodeon Medical Corporation	6,839,500	44,721	1,389,000	100,008	-	(104,555)	8,228,500	73.54%	40,174	4.88	40,174	None
Yi Chuang Biodesign, Inc.	-	-	10,000	100	-	-	10,000	100%	100	10.00	100	None
MedeonBio, Inc.	1,900,000	53,771	-	-	-	(9,450)	1,900,000	100%	44,321	23.33	44,321	None
Medeon International, Inc.	10,900,000	112,967	4,010,000	116,382	-	(119,328)	14,910,000	100%	110,021	7.38	110,021	None
		$ 551,517		$ 613,519		($ 276,692)			$ 888,344		$ 3,121,283	

Note 1：It is the number of cash capital increase, recognised investment profit(loss) and the effect of subsidiaries equity change in this period.
Note 2：It is the number of recognised investment profit(loss), the effect of subsidiaries equity change, the cash dividends received and the exchange differnce between foreign operation on translation of foreign financial reports.

MEDEON BIODESIGN, INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT4

Item	Amount	Note
Cost of service	$ 89,240	

MEDEON BIODESIGN, INC.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollar)

STATEMENT5

Item	Selling expenses	General and Administrative expenses	Reseach and Development expenses	Total	
Service expense	$ 33,973	$ 3,761	$ 36,686	$ 74,420	
Wages and salaries	9,862	15,865	22,522	48,249	
Trial production expense	-	-	7,158	7,158	
Other	2,518	5,540	10,693	18,751	None of the balances of each remaining item is greater than the above items
	$ 46,353	$ 25,166	$ 77,059	$ 148,578	

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT6

Function / Nature	Year ended December 31, 2020			Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 21,702	$ 46,093	$ 67,795	$ 24,487	$ 49,108	$ 73,595
Labour and health insurance fees	1,726	3,106	4,832	1,890	3,036	4,926
Pension costs	1,129	1,913	3,042	1,212	1,839	3,051
Directors' remuneration	-	2,156	2,156	-	2,052	2,052
Other personnel expenses	912	1,635	2,547	1,440	2,564	4,004
Depreciation charges on property, plant and equipment	2,097	898	2,995	2,195	1,577	3,772
Depreciation charges on right-of-use-assets	5,468	2,337	7,805	-	8,256	8,256
Amortisation Expense	205	1,784	1,989	372	1,880	2,252

Note：

1. As at December 31, 2020 and 2019, the Company had 57 and 58 employees, including 6 non-employee board of directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year $1,534. (『Total employee benefit expense in current year- Total directors' remuneration』/『Number of employee in current year-Number of non-employee directors』)

Average employee benefit expense in previous year $1,646. (『Total employee benefit expense in previous year- Total directors' remuneration』/『Number of employee in previous year-Number of non-employee directors』)

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT6

(2) Average employees salaries in current year was $1,329. (Total wages and salarie in current year/『Number of employee in current year-Number of non-employee directors』)
Average employees salaries in previous year was $1,415. (Total wages and salarie in previous year/『Number of employee in previous year-Number of non-employee directors』).

(3) The average employees salaries decreased by 6.08 % year on year. (『Average employees salaries in current year-Average employees salaries in previous year』/Average employees salaries in previous year).

(4) Remuneration of the supervisors in current year was $0 (in dollars), remuneration of the supervisors in previous year was $0 (in dollars).
(The Company has set up an audit committee, therefore there is no remuneration of the supervisors)

(5) The Company's compensation policies(including directors, supervisors, managers and emplyees):

A. Policies:

(a) Ensure that the arrangement of wages and salaries comply with related laws and could attract outstanding people.

(b) Wages and salaries of all employees should consider the normal pay of peers, the time devoted by employee, the accomplishment of goals, and the wages and salaries for employees of the same title. In other words, the Company evaluated the personnel's performance and the related rationality of the company's operating performance future risk by the short-term and long-term goals of the Company, and financial condition.

B. Institution:

(a) Guaranteed annual salary: The Company determines the employees' salaries based on the Table of Salary Range for Each Job Classification and Position after assessing the Company's internal equity and the employees' market value in respect of their responsibilities and core competencies. The salary mainly consists of base salary and meal allowance. The Company also offers a guaranteed annual salary of 13 months.

(b) Short-term rewards: The Company rewards employees with team-based bonuses based on the achievements of the Company's annual targets.

(c) Long-term incentives: The Company irregularly distributes restricted stocks and employee stock options to retain talents or to meet the capital needs.

(d) Rewards for special events: The Company pays special bonuses when there are significant profitable events.

(e) Benefits: The Company offers subsidies for birthday gifts and health examination, English training and others to improve employees' physical and mental health and enhance their capabilities.

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT6

(f) Salaries and bonuses paid to managers shall be reviewed by the Remuneration Committee and resolved by the Board of Directors.

(g) Employees' compensation and directors' remuneration: In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. The Company incurred accumulated losses for the year ended December 31, 2020, and therefore did not accrue employees' compensation and directors' remuneration. The Company only paid transportation allowances to directors and fixed remunerations to independent directors.