

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020

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' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TCI CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the "Group") as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then end, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2021 and 2020 and its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Hsu, Ming-Chuan Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2021

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

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,000,383	33	\$ 4,856,361	41	\$ 4,359,363	38
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		129,591	1	135,402	1	26,958	-
1136	Current financial assets at	6(4) and 8						
	amortised cost		672,590	5	395,803	3	315,759	3
1150	Notes receivable, net	6(5)	48,528	-	15,669	-	23,741	-
1170	Accounts receivable, net	6(5)	1,167,342	8	619,844	5	670,100	6
1180	Accounts receivable - related	7						
	parties		3,842	-	2,605	-	1,433	-
1200	Other receivables		42,192	-	56,952	1	32,825	1
1220	Current income tax assets	6(30)	1,946	-	2,281	-	1,946	-
130X	Inventories	6(6)	822,165	6	649,244	5	711,745	6
1410	Prepayments	6(7)	319,536	2	174,754	2	259,080	2
1470	Other current assets		42,249	-	35,940	-	25,854	-
11XX	Total current assets		<u>8,250,364</u>	<u>55</u>	<u>6,944,855</u>	<u>58</u>	<u>6,428,804</u>	<u>56</u>
Non-current assets								
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		28,083	-	25,848	-	25,848	-
1535	Non-current financial assets at	6(4)						
	amortised cost		763,065	5	-	-	-	-
1550	Investments accounted for	6(8)						
	using equity method		2,533	-	1,900	-	-	-
1600	Property, plant and equipment	6(9)	4,443,316	29	3,714,190	31	3,561,421	31
1755	Right-of-use assets	6(10)	101,816	1	113,026	1	121,244	1
1760	Investment property, net	6(11)	8,867	-	-	-	-	-
1780	Intangible assets	6(12)	450,622	3	22,239	-	25,295	-
1840	Deferred income tax assets	6(30)	30,012	-	59,758	1	52,947	1
1900	Other non-current assets	6(13) and 8	986,576	7	1,083,042	9	1,175,530	11
15XX	Total non-current assets		<u>6,814,890</u>	<u>45</u>	<u>5,020,003</u>	<u>42</u>	<u>4,962,285</u>	<u>44</u>
1XXX	Total assets		<u>\$ 15,065,254</u>	<u>100</u>	<u>\$ 11,964,858</u>	<u>100</u>	<u>\$ 11,391,089</u>	<u>100</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(14)	\$ 1,346,015	9	\$ 1,076,334	9	\$ 1,075,230	9
2130	Current contract liabilities	6(23)	563,143	4	653,708	5	751,299	7
2150	Notes payable		3,855	-	1,944	-	595	-
2170	Accounts payable		1,100,719	7	728,508	6	791,169	7
2180	Accounts payable - related parties	7	4,282	-	12,309	-	8,697	-
2200	Other payables	6(15)	1,995,451	13	855,157	7	801,707	7
2230	Current income tax liabilities	6(30)	444,819	3	456,175	4	367,446	3
2280	Current lease liabilities		33,571	-	30,635	-	32,805	-
2320	Long-term liabilities, current portion	6(16)	-	-	434,268	4	433,547	4
2399	Other current liabilities, others		53,094	1	56,458	1	53,870	1
21XX	Total current liabilities		<u>5,544,949</u>	<u>37</u>	<u>4,305,496</u>	<u>36</u>	<u>4,316,365</u>	<u>38</u>
Non-current liabilities								
2540	Long-term borrowings		591,550	4	3,980	-	3,980	-
2570	Deferred income tax liabilities	6(30)	4,093	-	441	-	1,389	-
2580	Non-current lease liabilities		41,930	-	54,666	1	61,759	1
2600	Other non-current liabilities		11,797	-	11,872	-	11,581	-
25XX	Total non-current liabilities		<u>649,370</u>	<u>4</u>	<u>70,959</u>	<u>1</u>	<u>78,709</u>	<u>1</u>
2XXX	Total liabilities		<u>6,194,319</u>	<u>41</u>	<u>4,376,455</u>	<u>37</u>	<u>4,395,074</u>	<u>39</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(19)	1,182,399	8	1,182,202	10	1,176,012	10
3140	Advance receipts for share capital		-	-	-	-	5,690	-
Capital surplus								
3200	Capital surplus	6(20)	2,623,960	17	2,618,432	21	2,611,097	23
Retained earnings								
3310	Legal reserve	6(21)	744,681	5	598,016	5	598,016	5
3320	Special reserve		244,700	2	325,709	3	325,709	3
3350	Unappropriated retained earnings		3,497,051	23	3,259,603	27	2,811,664	24
Other equity interest								
3400	Other equity interest	6(22)	(335,085)	(2)	(257,069)	(2)	(392,549)	(3)
3500	Treasury shares	6(19)	(118,787)	(1)	(226,857)	(2)	(226,857)	(2)
31XX	Equity attributable to owners of the parent		<u>7,838,919</u>	<u>52</u>	<u>7,500,036</u>	<u>62</u>	<u>6,908,782</u>	<u>60</u>
36XX	Non-controlling interest		<u>1,032,016</u>	<u>7</u>	<u>88,367</u>	<u>1</u>	<u>87,233</u>	<u>1</u>
3XXX	Total equity		<u>8,870,935</u>	<u>59</u>	<u>7,588,403</u>	<u>63</u>	<u>6,996,015</u>	<u>61</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 15,065,254</u>	<u>100</u>	<u>\$ 11,964,858</u>	<u>100</u>	<u>\$ 11,391,089</u>	<u>100</u>

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23)	\$ 2,377,416	100	\$ 2,156,732	100	\$ 6,663,825	100	\$ 6,168,980	100
5000 Operating costs	6(6)(16)(28)(29)	(1,304,534)	(55)	(1,176,502)	(54)	(3,717,232)	(56)	(3,424,206)	(55)
5900 Net operating margin		<u>1,072,882</u>	<u>45</u>	<u>980,230</u>	<u>46</u>	<u>2,946,593</u>	<u>44</u>	<u>2,744,774</u>	<u>45</u>
Operating expenses	6(6)(9)(10)								
6100 Selling expenses		(216,914)	(9)	(141,687)	(7)	(658,702)	(10)	(395,834)	(7)
6200 General and administrative expenses		(144,622)	(6)	(155,574)	(7)	(444,497)	(6)	(443,327)	(7)
6300 Research and development expenses		(131,846)	(6)	(150,303)	(7)	(388,357)	(6)	(384,240)	(6)
6450 Expected credit impairment loss		(3,006)	-	-	-	(3,006)	-	(8)	-
6000 Total operating expenses		<u>(496,388)</u>	<u>(21)</u>	<u>(447,564)</u>	<u>(21)</u>	<u>(1,494,562)</u>	<u>(22)</u>	<u>(1,223,409)</u>	<u>(20)</u>
6900 Operating profit		<u>576,494</u>	<u>24</u>	<u>532,666</u>	<u>25</u>	<u>1,452,031</u>	<u>22</u>	<u>1,521,365</u>	<u>25</u>
Non-operating income and expenses									
7100 Interest income	6(24)	21,353	1	15,024	1	60,035	1	23,409	-
7010 Other income	6(25)	13,935	1	77,161	3	71,339	1	107,710	2
7020 Other gains and losses	6(26)	120,126	5	(8,807)	(1)	140,717	2	2,654	-
7050 Finance costs	6(27)	(2,938)	-	(4,799)	-	(17,007)	-	(10,466)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	6(8)	(640)	-	-	-	6,172	-	-	-
7000 Total non-operating income and expenses		<u>151,836</u>	<u>7</u>	<u>78,579</u>	<u>3</u>	<u>261,256</u>	<u>4</u>	<u>123,307</u>	<u>2</u>
7900 Profit (loss) before income tax		<u>728,330</u>	<u>31</u>	<u>611,245</u>	<u>28</u>	<u>1,713,287</u>	<u>26</u>	<u>1,644,672</u>	<u>27</u>
7950 Income tax expense	6(30)	(210,331)	(9)	(109,676)	(5)	(313,355)	(5)	(240,945)	(4)
8200 Profit (loss) for the period		<u>\$ 517,999</u>	<u>22</u>	<u>\$ 501,569</u>	<u>23</u>	<u>\$ 1,399,932</u>	<u>21</u>	<u>\$ 1,403,727</u>	<u>23</u>
Other comprehensive (loss) income									
Other comprehensive (loss) income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(22)	(\$ 8,380)	(1)	\$ 79,489	4	(\$ 86,696)	(1)	(\$ 33,776)	(1)
8300 Total other comprehensive loss for the period		<u>(\$ 8,380)</u>	<u>(1)</u>	<u>\$ 79,489</u>	<u>4</u>	<u>(\$ 86,696)</u>	<u>(1)</u>	<u>(\$ 33,776)</u>	<u>(1)</u>
8500 Total comprehensive income for the period		<u>\$ 509,619</u>	<u>21</u>	<u>\$ 581,058</u>	<u>27</u>	<u>\$ 1,313,236</u>	<u>20</u>	<u>\$ 1,369,951</u>	<u>22</u>
Profit attributable to:									
8610 Owners of the parent		\$ 472,124	20	\$ 494,290	23	\$ 1,344,393	20	\$ 1,390,853	23
8620 Non-controlling interest		45,875	2	7,279	-	55,539	1	12,874	-
		<u>\$ 517,999</u>	<u>22</u>	<u>\$ 501,569</u>	<u>23</u>	<u>\$ 1,399,932</u>	<u>21</u>	<u>\$ 1,403,727</u>	<u>23</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 464,060	19	\$ 573,755	27	\$ 1,257,100	19	\$ 1,357,144	22
8720 Non-controlling interest		45,559	2	7,303	-	56,136	1	12,807	-
		<u>\$ 509,619</u>	<u>21</u>	<u>\$ 581,058</u>	<u>27</u>	<u>\$ 1,313,236</u>	<u>20</u>	<u>\$ 1,369,951</u>	<u>22</u>
Basic earnings per share (In dollars)	6(31)								
9750 Basic earnings per share		\$ 4.02		\$ 4.23		\$ 11.47		\$ 11.86	
9850 Diluted earnings per share		\$ 4.00		\$ 4.17		\$ 11.39		\$ 11.64	

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent													
	Capital			Retained Earnings				Other equity interest					
	Share capital - common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others	Treasury shares			Total	Non- controlling interest	Total equity
Notes													
<u>For the nine-month period ended</u>													
<u>September 30, 2020</u>													
Balance at January 1, 2020	\$ 1,196,172	\$ -	\$ 2,600,733	\$ 396,403	\$ 168,346	\$ 3,192,547	(\$ 314,133)	(\$ 11,576)	(\$ 95,417)	\$ -	\$ 7,133,075	\$ 74,426	\$ 7,207,501
Profit for the year	-	-	-	-	-	1,390,853	-	-	-	-	1,390,853	12,874	1,403,727
Other comprehensive loss for the year	-	-	-	-	-	-	(33,709)	-	-	-	(33,709)	(67)	(33,776)
Total comprehensive income	-	-	-	-	-	1,390,853	(33,709)	-	-	-	1,357,144	12,807	1,369,951
Appropriations of 2019 earnings													
Legal reserve	-	-	-	201,613	-	(201,613)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	157,363	(157,363)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,040,622)	-	-	-	-	(1,040,622)	-	(1,040,622)
Exercise of employee stock purchase plans	-	5,690	27,255	-	-	-	-	-	-	-	32,945	-	32,945
Share-based payments	-	-	29,009	-	-	-	-	-	62,286	-	91,295	-	91,295
Share-based payments and employee restricted shares	(160)	-	-	-	-	-	-	-	-	-	(160)	-	(160)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(664,895)	(664,895)	-	(664,895)
Treasury shares retired	(20,000)	-	(45,900)	-	-	(372,138)	-	-	-	438,038	-	-	-
Balance at September, 2020	<u>\$ 1,176,012</u>	<u>\$ 5,690</u>	<u>\$ 2,611,097</u>	<u>\$ 598,016</u>	<u>\$ 325,709</u>	<u>\$ 2,811,664</u>	<u>(\$ 347,842)</u>	<u>(\$ 11,576)</u>	<u>(\$ 33,131)</u>	<u>(\$ 226,857)</u>	<u>\$ 6,908,782</u>	<u>\$ 87,233</u>	<u>\$ 6,996,015</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital			Retained Earnings				Other equity interest						
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others	Treasury shares	Total		
For the three-months period ended March 31, 2021														
		\$ 1,182,202	\$ -	\$ 2,618,432	\$ 598,016	\$ 325,709	\$ 3,259,603	(\$ 233,124)	(\$ 11,576)	(\$ 12,369)	(\$ 226,857)	\$ 7,500,036	\$ 88,367	\$ 7,588,403
		-	-	-	-	-	1,344,393	-	-	-	-	1,344,393	55,539	1,399,932
	6(22)	-	-	-	-	-	-	(87,293)	-	-	-	(87,293)	597	(86,696)
	6(20)	-	-	-	-	-	1,344,393	(87,293)	-	-	-	1,257,100	56,136	1,313,236
Appropriations of 2020 earnings														
		-	-	-	146,665	(146,665)	-	-	-	-	-	-	-	-
		-	-	-	-	81,009	-	-	-	-	-	-	-	-
		-	-	-	-	(1,040,756)	-	-	-	-	(1,040,756)	-	-	(1,040,756)
		230	-	1,063	-	-	-	-	-	-	-	1,293	-	1,293
		(40)	-	-	-	-	-	-	-	-	(40)	-	-	(40)
	6(16)	7	-	193	-	-	-	-	-	-	200	-	-	200
	6(18)(22)	-	-	10,206	-	-	-	-	-	9,277	-	19,483	-	19,483
		-	-	(6,568)	-	-	-	-	-	-	(6,568)	-	-	(6,568)
		-	-	-	-	-	-	-	-	-	-	-	887,513	887,513
		-	-	366	-	-	-	-	-	-	366	-	-	366
		-	-	268	-	-	-	-	-	-	108,070	108,338	-	108,338
		-	-	-	-	(533)	-	-	-	-	(533)	-	-	(533)
		\$ 1,182,399	\$ -	\$ 2,623,960	\$ 744,681	\$ 244,700	\$ 3,497,051	(\$ 320,417)	(\$ 11,576)	(\$ 3,092)	(\$ 118,787)	\$ 7,838,919	\$ 1,032,016	\$ 8,870,935

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	Nine months ended September 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,713,287	\$ 1,644,672
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	3,024	8
Net gain on financial assets at fair value through profit or loss	6(2)(26)	(35,837)	1,118
Gain on disposal of property, plant and equipment	6(26)	(637)	253
Gain on disposal of investments		(116,955)	-
Depreciation	6(9)(10)(11)(29)	315,891	234,004
Amortisation	6(12)(29)	9,284	12,977
Interest income	6(24)	(60,035)	(23,409)
Dividend income	6(25)	(3,420)	-
Interest expense	6(27)	17,007	10,466
Compensation cost arising from employee stock options	6(18)(29)	19,483	91,295
Gains arising from lease modifications	6(10)(26)	(44)	-
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(633)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,830	(17,901)
Accounts receivable		(479,201)	(68,555)
Accounts receivable - related parties		8,349	177
Other receivables		28,459	(14,325)
Inventories		(75,035)	372,578
Prepayments		(138,799)	13,986
Other current assets		(1,639)	4,118
Changes in operating liabilities			
Contract liabilities - current		(97,672)	171,510
Notes payable		1,911	(2,520)
Accounts payable		328,377	(129,700)
Accounts payable - related parties		(8,027)	(20,581)
Other payables		42,280	(219,851)
Other current liabilities		2,988	16,799
Cash inflow generated from operations		1,474,236	2,077,119
Interest received		60,035	23,409
Dividends received		3,420	-
Interest paid		(8,344)	(7,455)
Income tax paid		(300,944)	(129,758)
Net cash flows from operating activities		1,228,403	1,963,315

(Continued)

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

	Notes	Nine months ended September 30	
		2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current financial assets at fair value through other comprehensive income		(\$ 2,235)	\$ -
Acquisition of property, plant and equipment	6(33)	(38,980)	(83,056)
Proceeds from disposal of property, plant and equipment		2,587	105
Decrease (increase) in refundable deposits	6(13)	1,659	(3,800)
Acquisition of intangible assets	6(12)	(2,577)	(7,078)
Decrease (Increase) in other non-current assets		(11,978)	(16,633)
Acquisition of financial assets at fair value through profit or loss		(124,789)	(28,076)
Proceeds from disposal of financial assets at fair value through profit or loss		6,113	-
Increase in financial assets at amortised cost		(999,065)	117,731
Increase in prepayments for purchase of equipment		(425,220)	(586,014)
Net cash outflow on acquisitions of subsidiaries	6(32)	(162,109)	-
Net cash flows used in investing activities		(1,756,594)	(606,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		5,296,373	3,007,330
Repayments of short-term borrowings		(5,024,075)	(2,133,450)
Repayment of bonds		(441,761)	-
Proceeds from long-term borrowings		587,570	3,980
Lease liabilities paid	6(10)	(26,115)	(30,070)
Decrease in guarantee deposits		(194)	(97)
Cash dividends paid		-	(1,040,622)
Employee stock options		1,293	32,945
Unvested redeemed stocks from restricted stocks to employees	6(19)	(40)	(160)
Payments due to disgorgement		366	-
Payments to acquire treasury shares	6(19)	-	(664,895)
Net cash flows from business combination	6(30)	108,338	-
Proceeds from capital increase of non-controlling interests		247,350	-
Net cash flows from (used in) financing activities		749,105	(825,039)
Effects due to changes in exchange rate		(76,892)	(20,286)
Net increase in cash and cash equivalents		144,022	511,169
Cash and cash equivalents at beginning of period	6(1)	4,856,361	3,848,194
Cash and cash equivalents at end of period	6(1)	\$ 5,000,383	\$ 4,359,363

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

TCI CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)
(Reviewed, not audited)

1. HISTORY AND ORGANISATION

TCI CO., LTD. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing, wholesale and retail of health foods and cosmetics.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 8, 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 2021 are as follows:

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets and liabilities at fair value through other comprehensive income.
 - (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial

recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	100	Note 1
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	61.19	61.19	61.19	Note 1
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	36.73	36.73	36.73	Note 1
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	100	Note 1
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	Note 2
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	100	Note 2
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	Note 3
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	100	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	63.27	63.27	63.27	Note 1
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	100	100	100	Note 1
TCI BIOTECH LLC.	TCI BIOTECH USA LLC.	Trading health foods and cosmetics	100	-	-	Note 1 Note 8
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	100	Note 1
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	79.31	Note 2
TCI LIVING CO., LTD.	BIO DYNAMIC LABORATORIES INC.	Trading health foods and cosmetics	-	100	100	Note 3 Note 4 Note 7
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	100	100	100	Note 3 Note 4
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	100	Note 1
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	100	Note 1 Note 8
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	100	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	100	Note 1
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	100	Note 3 Note 5
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	-	Note 1 Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Research and development, producing and sales of biotechnology and cosmetics	22.83	-	-	Note 9
MAXIGEN BIOTECH INC.	Maxigen Boitech International Investment Corporation Limited	Reinvestment business	100	-	-	Note 9
MAXIGEN BIOTECH INC.	HORAY INC.	Trading cosmetics and packaging materials	100	-	-	Note 9
Maxigen Boitech International Investment Corporation Limited	Pinestone Trading (Shanghai) Co.,Ltd.	Trading cosmetics and packaging materials	100	-	-	Note 9

Note 1: The Group holds more than 50% of the equity shares of this company.

Note 2: Subsidiary company holds more than 50% equity shares of this company.

Note 3: Subsidiary company indirectly holds more than 50% of equity shares of this company.

Note 4: BIO DYNAMIC LABORATORIES INC. and SBI GROUP HK LIMITED were 100% held by SBI CO., LTD. before the share transfer transaction.

Note 5: The second-tier subsidiary, TCI LIVING CO., LTD., resolved to set up TCI LIVING SHANGHAI CO., LTD. and the establishment was completed on July 10, 2020.

Note 6: The Board of Directors during its meeting on October 28, 2020 resolved to invest and set up QUANTUM BIOLOGY INC. and was established on November 23, 2020.

Note 7: BIO DYNAMIC LABORATORIES INC. was in the process of liquidation and dissolution on November 2, 2019 and had returned the remaining share capital on March 17, 2021.

Note 8: There was no capital injection as of September 30, 2021.

Note 9: The Group has obtained control over the company on July 12, 2021, and the company was included in the consolidated financial statements. Details are provided in Note 6(32).

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

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

E. Significant restrictions:

Cash and short-term deposits of \$3,034,023 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group:

Information on subsidiaries that have non-controlling interests that are material to the Group is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests			
		September 30, 2021		September 30, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 114,948	38.81	\$ 79,382	38.81
MAXIGEN BIOTECH INC. (Note)	Taiwan	\$ 910,150	77.17	\$ -	-

Note 1: The Group obtained control over the subsidiary on July 12, 2021.

Note 2: The Group's subsidiary - MAXIGEN BIOTECH INC. raised capital amounting to \$247,350 by issuing 7,534 thousand ordinary shares through private placement at an issuance price of \$32.83 (in dollars) per share with the effective date set on August 6, 2021. As a result, the Group's non-controlling interest increased by \$247,350.

Summarised financial information of the subsidiaries:

Balance sheets

	GENE & NEXT INC.	
	September 30, 2021	September 30, 2020
Current assets	\$ 308,160	\$ 174,968
Non-current assets	76,081	61,146
Current liabilities	(89,567)	(31,571)
Total net assets	\$ 294,674	\$ 204,543
	MAXIGEN BIOTECH INC.	
	September 30, 2021	September 30, 2020
Current assets	\$ 730,010	\$ -
Non-current assets	511,488	-
Current liabilities	(108,240)	-
Non-current liabilities	(7,993)	-
Total net assets	\$ 1,125,265	\$ -

Statements of comprehensive income

	GENE & NEXT INC.	
	Three-month periods ended September 30,	
	2021	2020
Revenue	\$ 150,412	\$ 39,414
Profit before income tax	71,100	24,416
Income tax expense	(15,094)	(5,021)
Profit for the period	56,006	19,395
Other comprehensive (loss) income, net of tax	(14)	31
Total comprehensive income for the period	<u>\$ 55,992</u>	<u>\$ 19,426</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 21,730</u>	<u>\$ 7,539</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	GENE & NEXT INC.	
	Nine-month periods ended September 30,	
	2021	2020
Revenue	\$ 247,099	\$ 80,382
Profit before income tax	107,179	43,943
Income tax expense	(23,273)	(11,464)
Profit for the period	83,906	32,479
Other comprehensive gain (loss), net of tax	1,390	(108)
Total comprehensive income for the period	<u>\$ 85,296</u>	<u>\$ 32,371</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 33,103</u>	<u>\$ 12,563</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	MAXIGEN BIOTECH INC.	
	Three-month periods ended September 30,	
	2021	2020
Revenue	\$ 138,566	\$ -
Profit before income tax	33,076	-
Income tax expenses	(2,197)	-
Profit for the period from continuing operations	30,879	-
Loss for the period from discontinued operations	-	-
Profit for the period	30,879	-
Other comprehensive income, net of tax	\$ 1	\$ -
Total comprehensive income	<u>\$ 30,880</u>	<u>\$ -</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 17,976</u>	<u>\$ -</u>
Dividends paid to non-controlling interest	<u>\$ 43,420</u>	<u>\$ -</u>

	<u>MAXIGEN BIOTECH INC.</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 370,649	\$ -
Profit before income tax	80,901	-
Income tax expenses	(7,012)	-
Profit for the period from continuing operations	73,889	-
Loss for the period from discontinued operations	66	-
Profit for the period	73,955	-
Other comprehensive income, net of tax	\$ -	\$ -
Total comprehensive income	<u>\$ 73,955</u>	<u>\$ -</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 17,976</u>	<u>\$ -</u>
Dividends paid to non-controlling interest	<u>\$ 43,420</u>	<u>\$ -</u>

Statements of cash flows

	<u>GENE & NEXT INC.</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Net cash provided by (used in) operating activities	\$ 30,773	(\$ 9,728)
Effect of exchange rate changes on cash and cash equivalents	1,390	(108)
Increase (decrease) in cash and cash equivalents	32,163	(9,836)
Cash and cash equivalents at beginning of period	131,148	113,366
Cash and cash equivalents at end of period	<u>\$ 163,311</u>	<u>\$ 103,530</u>

	<u>MAXIGEN BIOTECH INC.</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Net cash provided by operating activities	\$ 71,676	\$ -
Net cash flows used in investing activities	(24,663)	-
Net cash provided by financing activities	189,277	-
Effect of exchange rate changes on cash and cash equivalents	67	-
Increase in cash and cash equivalents	236,357	-
Cash and cash equivalents at beginning of period	209,762	-
Cash and cash equivalents at end of period	<u>\$ 446,119</u>	<u>\$ -</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settle within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settle 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.

(6) Cash equivalents

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

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

- (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 fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

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

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' 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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant

assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other 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:

Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 10 years
Office equipment	1 ~ 16 years
Others	1 ~ 10 years

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

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

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the

amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

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

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

(17) Intangible assets

A. Trademarks and royalties

Separately acquired trademarks and royalties are stated at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and royalties have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 3 to 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing 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.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

- A. Notes and accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are designated as financial liabilities at fair value through profit or loss at initial recognition. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
 - (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) 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

(a) 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.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is

calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

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

(26) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees but employees must return the dividends received if they resign during the vesting period, and the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends

declared.

- (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(27) Income tax

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

the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(28) Share capital

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

(29) Dividends

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

(30) Revenue recognition

- A. The Group manufactures and sells health foods and cosmetics products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer who has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The products are often sold with price break based on aggregate sales. Revenue from these sales

is recognised based on the price specified in the contract, net of the estimated price break. Accumulated experience is used to estimate and provide for the price break, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected price break payable to customers in relation to sales made until the end of the reporting period.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured at the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates

concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2021, the carrying amount of inventories was \$822,165.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 16,372	\$ 7,731	\$ 4,323
Checking accounts and demand deposits	5,102,151	4,790,386	2,391,890
Time deposits	<u>1,318,015</u>	<u>455,047</u>	<u>2,279,909</u>
	6,436,538	5,253,164	4,676,122
Less: Shown as 'current financial assets at amortised cost'	(659,675)	(235,850)	(230,450)
Less: Shown as 'current financial assets at amortised cost - pledged'	(12,915)	(159,953)	(85,309)
Less: Shown as 'non-current financial assets at amortised cost - pledged'	(763,065)	-	-
Less: Shown as 'other non-current assets - pledged'	<u>(500)</u>	<u>(1,000)</u>	<u>(1,000)</u>
	<u>\$ 5,000,383</u>	<u>\$ 4,856,361</u>	<u>\$ 4,359,363</u>

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

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group recognised time deposits with maturity over 3 months of \$672,590, \$395,803 and \$315,759, respectively, and shown as 'current financial assets at amortised cost'.

C. As of September 30, 2021, the bank deposits amounting to \$763,065, were restricted due to the regulation governing the management, utilization, and taxation of repatriated offshore funds

reserved in special account, have been transferred to ‘non-current financial assets at amortised cost’.

D. Details of the Group’s cash and cash equivalents pledged to others are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets - current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 144,125	\$ 134,893	\$ 28,076
Valuation adjustment	(14,534)	509	(1,118)
	\$ 129,591	\$ 135,402	\$ 26,958

A. The Group has no financial assets at fair value through profit or loss pledged to others as collateral. The Group has recognised net gains (losses) on investment of equity instrument amounting to (\$3,006), (\$1,118), \$35,837 and (\$1,118) for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

(3) Financial assets at fair value through other comprehensive income

Items	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items:			
Equity instruments			
Listed stocks	\$ 12,604	\$ 12,604	\$ 12,604
Unlisted stocks	27,055	24,820	24,820
	39,659	37,424	37,424
Valuation adjustment	(11,576)	(11,576)	(11,576)
	\$ 28,083	\$ 25,848	\$ 25,848

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$28,082, \$25,848 and \$25,848 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group amounted to \$28,083, \$25,848 and \$25,848, respectively.

C. The Group’s financial assets at fair value through other comprehensive income were not pledge to others as collateral.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Time deposits	<u>\$ 672,590</u>	<u>\$ 395,803</u>	<u>\$ 315,759</u>
Non-current items :			
Restricted bank deposits	<u>\$ 763,065</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 3,659</u>	<u>\$ 1,595</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 1,970</u>	<u>\$ 4,786</u>

B. As at September 30, 2021, December 31, 2020, September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,435,655, \$395,803 and \$315,879, respectively.

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

(5) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	<u>\$ 48,528</u>	<u>\$ 15,669</u>	<u>\$ 23,741</u>
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,528</u>	<u>\$ 15,669</u>	<u>\$ 23,741</u>
Accounts receivable	<u>\$ 1,204,558</u>	<u>\$ 654,036</u>	<u>\$ 725,637</u>
Less: Allowance for uncollectible accounts	<u>(37,216)</u>	<u>(34,192)</u>	<u>(55,537)</u>
	<u>\$ 1,167,342</u>	<u>\$ 619,844</u>	<u>\$ 670,100</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not past due	<u>\$ 908,893</u>	<u>\$ 546,238</u>	<u>\$ 549,647</u>
Up to 30 days	<u>262,361</u>	<u>33,945</u>	<u>97,845</u>
31 to 90 days	<u>26,416</u>	<u>51,289</u>	<u>33,652</u>
Over 90 days	<u>18,200</u>	<u>4,041</u>	<u>12,697</u>
	<u>\$ 1,215,870</u>	<u>\$ 635,513</u>	<u>\$ 693,841</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, without taking into

account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable amounted to \$48,528, \$15,669 and \$23,741; \$1,167,342, \$619,844 and \$670,100, respectively.

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

(6) Inventories

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 580,603	(\$ 27,746)	\$ 552,857
Work in progress	56,133	(2,008)	54,125
Finished goods	231,184	(16,811)	214,373
Inventory in transit	810	-	810
	<u>\$ 868,730</u>	<u>(\$ 46,565)</u>	<u>\$ 822,165</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 443,170	(\$ 19,592)	\$ 423,578
Work in progress	28,827	(175)	28,652
Finished goods	213,389	(16,375)	197,014
	<u>\$ 685,386</u>	<u>(\$ 36,142)</u>	<u>\$ 649,244</u>
	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 512,949	(\$ 19,577)	\$ 493,372
Work in progress	9,930	(170)	9,760
Finished goods	225,415	(16,802)	208,613
	<u>\$ 748,294</u>	<u>(\$ 36,549)</u>	<u>\$ 711,745</u>

A. The cost of inventories recognised as expense for the three-month and nine-month periods ended September 30, 2021 and 2020, was \$1,344,428, \$1,176,502, \$3,757,126 and \$3,424,206, respectively, including the amounts of \$11,527, \$1,456, \$38,143 and (\$7,544), respectively, the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

B. The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as these inventories which had been written down from cost to its net realisable value were subsequently sold during the nine-month periods ended September 30, 2021 and 2020.

(7) Prepayments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepaid expenses	\$ 140,035	\$ 79,342	\$ 92,700
Prepayments to suppliers	120,037	61,761	120,524
Excess business tax paid (or Net Input VAT)	<u>59,464</u>	<u>33,651</u>	<u>45,856</u>
	<u>\$ 319,536</u>	<u>\$ 174,754</u>	<u>\$ 259,080</u>

(8) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 1,900	\$ -
Addition of investments accounted for using equity method	\$ 531,358	
Proceeds from disposal of investments accounted for using equity method (Note)	(\$ 531,358)	
Share of profit of investments accounted for using equity method	<u>633</u>	<u>-</u>
At September 30	<u>\$ 2,533</u>	<u>\$ -</u>

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	<u>\$ 2,533</u>	<u>\$ 1,900</u>	<u>\$ -</u>

Note: The Group has obtained control over the company on July 12, 2021, and the company was included in the consolidated financial statements. Details are provided in Note 6(32).

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2021</u>							
Cost	\$ 663,801	\$ 2,060,416	\$ 1,340,350	\$ 260,831	\$ 378,397	\$ -	\$ 4,703,795
Accumulated depreciation	-	(198,313)	(460,202)	(100,457)	(230,633)	-	(989,605)
	<u>\$ 663,801</u>	<u>\$ 1,862,103</u>	<u>\$ 880,148</u>	<u>\$ 160,374</u>	<u>\$ 147,764</u>	<u>\$ -</u>	<u>\$ 3,714,190</u>
<u>2021</u>							
At January 1	\$ 663,801	\$ 1,862,103	\$ 880,148	\$ 160,374	\$ 147,764	\$ -	\$ 3,714,190
Additions	-	4,159	23,861	7,728	9,351	4,210	49,309
Disposals	-	-	(1,935)	(1)	(14)	-	(1,950)
Acquired from business combinations	133,225	251,377	41,103	7,317	3,433	25,004	461,459
Reclassifications	4,190	15,827	308,970	156,527	39,123	(1,752)	522,885
Depreciation charge	-	(56,412)	(157,697)	(33,457)	(43,818)	-	(291,384)
Net exchange differences	-	(5,414)	(1,073)	(2,801)	(1,905)	-	(11,193)
At September 30	<u>\$ 801,216</u>	<u>\$ 2,071,640</u>	<u>\$ 1,093,377</u>	<u>\$ 295,687</u>	<u>\$ 153,934</u>	<u>\$ 27,462</u>	<u>\$ 4,443,316</u>
<u>At September 30, 2021</u>							
Cost	\$ 801,216	\$ 2,375,606	\$ 1,783,729	\$ 456,526	\$ 401,975	\$ 27,468	\$ 5,846,520
Accumulated depreciation	-	(303,966)	(690,352)	(161,711)	(247,175)	-	(1,403,204)
	<u>\$ 801,216</u>	<u>\$ 2,071,640</u>	<u>\$ 1,093,377</u>	<u>\$ 294,815</u>	<u>\$ 154,800</u>	<u>\$ 27,468</u>	<u>\$ 4,443,316</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 499,649	\$ 1,170,229	\$ 986,525	\$ 217,590	\$ 321,390	\$ 3,195,383
Accumulated depreciation	-	(140,710)	(313,740)	(78,279)	(174,215)	(706,944)
	<u>\$ 499,649</u>	<u>\$ 1,029,519</u>	<u>\$ 672,785</u>	<u>\$ 139,311</u>	<u>\$ 147,175</u>	<u>\$ 2,488,439</u>
<u>2020</u>						
At January 1	\$ 499,649	\$ 1,029,519	\$ 672,785	\$ 139,311	\$ 147,175	\$ 2,488,439
Additions	-	572	8,280	2,055	10,626	21,533
Disposals	-	-	(241)	(109)	(8)	(358)
Reclassifications	164,152	817,544	231,941	10,500	37,226	1,261,363
Depreciation charge	-	(40,823)	(105,849)	(16,426)	(41,093)	(204,191)
Net exchange differences	-	(3,228)	(1,639)	(89)	(409)	(5,365)
At September 30	<u>\$ 663,801</u>	<u>\$ 1,803,584</u>	<u>\$ 805,277</u>	<u>\$ 135,242</u>	<u>\$ 153,517</u>	<u>\$ 3,561,421</u>
<u>At September 30, 2020</u>						
Cost	\$ 663,801	1,984,795	\$ 1,224,483	\$ 228,835	\$ 367,224	\$ 4,469,138
Accumulated depreciation	-	(181,211)	(419,206)	(93,593)	(213,707)	(907,717)
	<u>\$ 663,801</u>	<u>\$ 1,803,584</u>	<u>\$ 805,277</u>	<u>\$ 135,242</u>	<u>\$ 153,517</u>	<u>\$ 3,561,421</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 27,748	\$ 28,726	\$ 28,184
Buildings	74,030	83,636	91,901
Transportation equipment (Business vehicles)	38	664	1,159
	<u>\$ 101,816</u>	<u>\$ 113,026</u>	<u>\$ 121,244</u>
	<u>Three-month periods ended September 30,</u>		
	<u>2021</u>		<u>2020</u>
	<u>Depreciation charge</u>		<u>Depreciation charge</u>
Land	\$ 168		\$ 167
Buildings	8,105		8,538
Transportation equipment (Business vehicles)	209		267
	<u>\$ 8,482</u>		<u>\$ 8,972</u>

	Nine-month periods ended September 30,	
	2021	2020
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 509	\$ 500
Buildings	23,364	28,513
Transportation equipment (Business vehicles)	<u>626</u>	<u>800</u>
	<u>\$ 24,499</u>	<u>\$ 29,813</u>

- C. In March 2013, the Group signed a land use right contract with Shanghai Municipal Planning, Land and Resources Administration for use of the land in Jinshan District, Shanghai City with a term of 50 years. All rentals had been paid on the contract date.
- D. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets amounted to \$7,750, \$43,527, \$7,750 and \$44,723, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three-month periods ended September 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 334	\$ 231
Expense on short-term lease contracts	\$ 13,243	\$ 6,231
Expense on leases of low-value assets	\$ 384	\$ 3,109
Gain or loss on lease modification	\$ -	\$ -
	Nine-month periods ended September 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 971	\$ 853
Expense on short-term lease contracts	\$ 35,042	\$ 25,086
Expense on leases of low-value assets	\$ 2,411	\$ 8,114
Gain or loss on lease modification	\$ 44	\$ -

For the three-month and nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases amounted to \$23,428, \$18,339, \$63,568 and \$63,270, respectively.

(11) Investment property

	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ -	\$ -	\$ -
Acquired from business combinations	7,949	926	8,875
Depreciation charge	-	(8)	(8)
Closing net book amount as at September 30	<u>\$ 7,949</u>	<u>\$ 918</u>	<u>\$ 8,867</u>
At September 30			
Cost	\$ 7,949	\$ 926	\$ 8,875
Accumulated depreciation and impairment	-	(8)	(8)
	<u>\$ 7,949</u>	<u>\$ 918</u>	<u>\$ 8,867</u>

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

	Three-month periods ended September 30,	
	2021	2020
Rental income from investment property	<u>\$ 143</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 8</u>	<u>\$ -</u>
	Nine-month periods ended September 30,	
	2021	2020
Rental income from investment property	<u>\$ 143</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 8</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at September 30, 2021 was \$20,843, which was valued based on the average transaction price in local area, and was categorised as Level 3 in the fair value hierarchy.

(12) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 1,468	\$ 4,860	\$ 41,199	\$ 2,600	\$ 6,611	\$ 56,738
Accumulated amortisation	-	(552)	(28,571)	(968)	(4,408)	(34,499)
	<u>\$ 1,468</u>	<u>\$ 4,308</u>	<u>\$ 12,628</u>	<u>\$ 1,632</u>	<u>\$ 2,203</u>	<u>\$ 22,239</u>
<u>2021</u>						
At January 1	\$ 1,468	\$ 4,308	\$ 12,628	\$ 1,632	\$ 2,203	\$ 22,239
Additions –						
acquired separately	-	-	2,577	-	-	2,577
Acquired from business combinations	427,127	340	738	-	488	428,693
Transfers	-	-	6,399	-	-	6,399
Amortisation charge	-	(412)	(6,992)	(188)	(1,692)	(9,284)
Net exchange differences	-	(2)	-	-	-	(2)
At September 30	<u>\$ 428,595</u>	<u>\$ 4,234</u>	<u>\$ 15,350</u>	<u>\$ 1,444</u>	<u>\$ 999</u>	<u>\$ 450,622</u>
<u>At September 30, 2021</u>						
Cost	\$ 428,595	\$ 6,275	\$ 40,867	\$ 7,400	\$ 15,075	\$ 498,212
Accumulated amortisation	-	(2,041)	(25,517)	(5,956)	(14,076)	(47,590)
	<u>\$ 428,595</u>	<u>\$ 4,234</u>	<u>\$ 15,350</u>	<u>\$ 1,444</u>	<u>\$ 999</u>	<u>\$ 450,622</u>
	<u>Goodwill</u>	<u>Trademarks</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 1,468	\$ 4,855	\$ 38,206	\$ 2,750	\$ 6,611	\$ 53,890
Accumulated amortisation	-	(4)	(19,618)	(868)	(2,204)	(22,694)
	<u>\$ 1,468</u>	<u>\$ 4,851</u>	<u>\$ 18,588</u>	<u>\$ 1,882</u>	<u>\$ 4,407</u>	<u>\$ 31,196</u>
<u>2020</u>						
At January 1	\$ 1,468	\$ 4,851	\$ 18,588	\$ 1,882	\$ 4,407	\$ 31,196
Additions –						
acquired separately	-	-	7,078	-	-	7,078
Amortisation charge	-	(419)	(10,717)	(188)	(1,653)	(12,977)
Net exchange differences	-	(2)	-	-	-	(2)
At September 30	<u>\$ 1,468</u>	<u>\$ 4,430</u>	<u>\$ 14,949</u>	<u>\$ 1,694</u>	<u>\$ 2,754</u>	<u>\$ 25,295</u>
<u>At September 30, 2020</u>						
Cost	\$ 1,468	\$ 4,853	\$ 40,420	\$ 2,600	\$ 6,611	\$ 55,952
Accumulated amortisation	-	(423)	(25,471)	(906)	(3,857)	(30,657)
	<u>\$ 1,468</u>	<u>\$ 4,430</u>	<u>\$ 14,949</u>	<u>\$ 1,694</u>	<u>\$ 2,754</u>	<u>\$ 25,295</u>

Details of amortisation on intangible assets are as follows:

	Three-month periods ended September 30,	
	2021	2020
Overhead	\$ 141	\$ -
Selling expenses	608	829
Administrative expenses	2,222	3,198
Research and development expenses	201	630
	<u>\$ 3,172</u>	<u>\$ 4,657</u>
	Nine-month periods ended September 30,	
	2021	2020
Overhead	\$ 572	\$ 160
Selling expenses	1,986	2,405
Administrative expenses	6,126	8,493
Research and development expenses	600	1,919
	<u>\$ 9,284</u>	<u>\$ 12,977</u>

(13) Other non-current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Prepayments for construction business facilities	\$ 904,656	\$ 1,012,177	\$ 1,114,334
Guarantee deposits paid	38,957	39,880	38,291
Pledged deposit	500	1,000	1,000
Net defined benefit asset	2,629	-	-
Other non-current assets	39,834	29,985	21,905
	<u>\$ 986,576</u>	<u>\$ 1,083,042</u>	<u>\$ 1,175,530</u>

(14) Short-term borrowings

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,346,015</u>	0.55%~3.48%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,076,334</u>	0.58%~2.80%	None
Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,075,230</u>	0.59%~0.88%	None

Interest expense recognised in profit or loss amounted to \$2,604, \$3,816, \$8,344 and \$7,455 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

(15) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Dividends payables	\$ 1,040,755	\$ -	\$ -
Salaries and bonuses payable	260,156	366,633	347,054
Employee bonus payable	386,144	281,081	220,860
Payable on machinery and equipment	40,202	29,873	48,900
Tax payables	20,588	10,165	17,231
Other payables	<u>247,606</u>	<u>167,405</u>	<u>167,662</u>
	<u>\$ 1,995,451</u>	<u>\$ 855,157</u>	<u>\$ 801,707</u>

(16) Bonds payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds payable	\$ -	\$ 435,400	\$ 435,400
Less: Discount on bonds payable	<u>-</u>	<u>(1,132)</u>	<u>(1,853)</u>
	-	434,268	433,547
Less: Current portion or exercise of put options	<u>-</u>	<u>(434,268)</u>	<u>(433,547)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The issuance of second domestic convertible bonds by the Company in the year 2018:

A. The terms of the second domestic unsecured convertible bonds issued are as follows:

- (a) The Company issued \$1,200,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (June 8, 2018 ~ June 8, 2021) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 8, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.
- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1.015075% of the face value as interests upon two years from the issue date.

- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. For the three-month period ended September 30, 2021, the bonds totaling \$200 (face value) had been converted into 601 shares of common stock.
- C. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$24,360 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount of \$720 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 0.6654%.

(17) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of both (\$4) for the three-month and nine-month periods ended September 30, 2021.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering

all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month and nine-month periods ended September 30, 2021 and 2020 were all 16%. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$12,499, \$6,773, \$32,859 and \$23,400, respectively.

(18) Share-based payment

A. For the nine-month periods ended September 30, 2021 and 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Issuance date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2016.07.01	2,000	6 years	Employees with 2 service years are entitled to 30% Employees with 3 service years are entitled to 60% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2016.07.20	600	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Operating revenue growth rate 30% (year) Maintaining profit rate after tax above 10% Earnings per share exceeds \$3.0 (including \$3.0)
Employee stock options	2018.05.15	2,000	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2019.09.30	900	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Profit rate before tax in the previous financial statements is no less than 20%

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period. The share-based payment arrangements above are settled by equity.

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

	Nine-months periods ended September 30,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	49	\$ 100	718	\$ 100
Options expired	-	-	(44)	100
Options exercised	(23)	-	(577)	100
Options outstanding at the end of the period	<u>26</u>	<u>\$ 100</u>	<u>97</u>	<u>\$ 100</u>
Options exercisable at the end of the period	<u>26</u>	<u>\$ 100</u>	<u>97</u>	<u>\$ 100</u>

	Nine-months periods ended September 30,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,692	\$ 448	1,827	\$ 448
Options expired	(370)	-	(104)	448
Options outstanding at the end of the period	<u>1,322</u>	<u>\$ 448</u>	<u>1,723</u>	<u>\$ 448</u>
Options exercisable at the end of the period	<u>347</u>	<u>\$ 448</u>	<u>721</u>	<u>\$ 448</u>

C. The weighted-average stock price of stock options at exercise dates for the three-month and nine-month periods ended September 30, 2021 and 2020 was \$270.24 (in dollars), \$293.33 (in dollars), \$240.27 (in dollars) and \$257.05 (in dollars), respectively.

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

Issue date approved	Expiry date	September 30, 2021		December 31, 2020		September 30, 2020	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	26	\$ 100	49	\$ 100	97	\$ 100
2018.05.15	2024.05.14	1,322	448	1,692	448	1,723	448

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

Type of arrangement	Issuance date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends	Risk-free interest rate(%)	Fair value per unit (in dollars)
Employee stock options	2016.07.01	\$ 145.50	\$ 100	41.92~ 44.63	0.75	-	0.605~ 0.719	\$ 41.55~ 45.10
Restricted stocks to employee	2016.07.20	\$ 139.00	\$ 10	32.73	-	-	0.52	\$ 111.65
Employee stock options	2018.05.15	\$ 440.00	\$ 448	26.10~ 30.25	2.62	-	0.5636~ 0.6814	\$ 63.16~ 106.15
Restricted stocks to employee	2019.09.30	\$ 282.00	\$ 10	-	-	-	-	\$ 272
Employee stock options	2021.7.31	\$ 10.00	\$ 20	16.93	2.33	-	0.15	\$ 26.56

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

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

	Three-month periods ended September 30,	
	2021	2020
Equity-settled	\$ 6,495	\$ 30,432
	Nine-month periods ended September 30,	
	2021	2020
Equity-settled	\$ 19,483	\$ 91,295

G. On June 26, 2019, the Company issued 900 thousand shares of employee restricted ordinary shares as approved by the regulatory authority. The exercise price is \$10 (in dollars) per share and the fair value is determined based on the closing price of \$282 (in dollars) at the grant date less the exercise price of \$10 (in dollars). The information relating to the restrictions on the shareholder's right is provided in the aforementioned details. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(19) Share capital

A. As of September 30, 2021, the Company's authorised capital was \$3,000,000, and the paid-in capital was \$1,182,399, 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: (Share in thousands)

	2021		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	118,220	118,220
Conversion of corporate bonds	-	1	1
Employee stock options exercised	-	23	23
Restricted stocks to employee - stocks redeemed	-	(4)	(4)
At September 30	-	118,240	118,240

	2020		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	119,617	119,617
Employee restricted shares - shares retired	-	(16)	(16)
Retirement of treasury shares	-	(2,000)	(2,000)
At September 30	-	117,601	117,601

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		September 30, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	\$ 118,787
		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,016,000	\$ 226,857
		September 30, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,016,000	\$ 226,857

(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 number 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.

C. To enhance the Company's credit rating and the stockholders' equity, on February 6, 2020, the

Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 2 million shares within 2 months from the reported date. On April 30, 2020, the Board of Directors of the Company resolved to retire all the repurchased shares. As of September 30, 2021, all the repurchased shares have been retired.

- D. To be reissued to employees, on March 23, 2020, the Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 3 million shares within 2 months from the reported date. Treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. As of September 30, 2021, the Company has repurchased 1,016 thousand shares, considering the efficiency of capital utilisation and the employees' willingness to subscribe for the shares, the Company will not repurchase more shares.

(20) 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.

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is summarised below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed. However, if the Company has sufficient retained earnings and capital, the Company may increase cash dividends in proportion to total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. Special reserve
- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit

balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. On June 18, 2020, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2019 earnings in the amount of \$1,040,622, with cash dividends of \$8.88 (in dollars) per share. On July 7, 2021, the stockholders of the Company approved the distribution of dividends from the 2020 earnings in the amount of \$1,040,755, with cash dividends of \$8.84 (in dollars) per share.

(22) Other equity items

	2021			
	Unrealised gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 233,124)	(\$ 12,369)	(\$ 257,069)
Currency translation differences	-	(87,293)	-	(87,293)
Compensation cost of share-based payments	-	-	9,277	9,277
At September 30	<u>(\$ 11,576)</u>	<u>(\$ 320,417)</u>	<u>(\$ 3,092)</u>	<u>(\$ 335,085)</u>
	2020			
	Unrealised gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 314,133)	(\$ 95,417)	(\$ 421,126)
Currency translation differences	-	(33,709)	-	(33,709)
Compensation cost of share-based payments	-	-	62,286	62,286
At September 30	<u>(\$ 11,576)</u>	<u>(\$ 347,842)</u>	<u>(\$ 33,131)</u>	<u>(\$ 392,549)</u>

Amounts that the Group recognised in other comprehensive income due to the change in fair value and the amounts that the Group transferred from other equity to profit and loss for the three-month and nine-month periods ended September 30, 2021 and 2020 are all \$0.

(23) Operating revenue

	Nine-month periods ended September 30,	
	2021	2020
Revenue from contracts with customers	<u>\$ 6,663,825</u>	<u>\$ 6,168,980</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

Three-month period ended September 30, 2021	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 640,026	\$ 3,018,447	\$ 3,658,473
Inter-segment revenue	(185,911)	(1,095,146)	(1,281,057)
Revenue from external customer contracts	<u>\$ 454,115</u>	<u>\$ 1,923,301</u>	<u>\$ 2,377,416</u>
Three-month period ended September 30, 2020	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 450,046	\$ 3,044,719	\$ 3,494,765
Inter-segment revenue	(172,039)	(1,165,994)	(1,338,033)
Revenue from external customer contracts	<u>\$ 278,007</u>	<u>\$ 1,878,725</u>	<u>\$ 2,156,732</u>
Nine-month period ended September 30, 2021	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 2,763,542	\$ 7,437,326	\$ 10,200,868
Inter-segment revenue	(1,066,229)	(2,470,814)	(3,537,043)
Revenue from external customer contracts	<u>\$ 1,697,313</u>	<u>\$ 4,966,512</u>	<u>\$ 6,663,825</u>
Nine-month period ended September 30, 2020	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 844,932	\$ 8,980,285	\$ 9,825,217
Inter-segment revenue	(260,288)	(3,395,949)	(3,656,237)
Revenue from external customer contracts	<u>\$ 584,644</u>	<u>\$ 5,584,336</u>	<u>\$ 6,168,980</u>

Timing of revenue mentioned above is all at a point in time.

B. Contract assets and liabilities

As of September 30, 2021, December 31, 2020, September 30, 2020 and January 1, 2020, the Group has not recognized any revenue-related contract assets, while the Group has recognized contract liabilities below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>January 1, 2020</u>
Contract liabilities				
– advance sales receipts	<u>\$ 563,143</u>	<u>\$ 653,708</u>	<u>\$ 751,299</u>	<u>\$ 579,789</u>

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

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

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ <u>8,112</u>	\$ <u>13,864</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ <u>514,943</u>	\$ <u>536,444</u>

(24) Interest income

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits (Note)	\$ <u>21,353</u>	\$ <u>15,024</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits (Note)	\$ <u>60,035</u>	\$ <u>23,409</u>

Note: Including interest income from financial assets measured at amortised cost.

(25) Other income

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	\$ 3,420	\$ -
Other income - others	<u>10,515</u>	<u>77,161</u>
	\$ <u>13,935</u>	\$ <u>77,161</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	\$ 3,420	\$ -
Other income - others	<u>67,919</u>	<u>107,710</u>
	\$ <u>71,339</u>	\$ <u>107,710</u>

(26) Other gains and losses

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Gains (losses) on disposal of property, plant and equipment	\$ 634	(\$ 358)
Gains on disposal of investments	118,816	-
Foreign exchange gains (losses)	4,258	(7,197)
Losses on financial assets (liabilities) at fair value through profit or loss	(3,006)	(1,118)
Miscellaneous disbursements	(576)	(134)
	<u>\$ 120,126</u>	<u>(\$ 8,807)</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Gains (losses) on disposal of property, plant and equipment	\$ 637	(\$ 253)
Gains on disposal of investments	116,955	-
Gains arising from lease modifications	44	-
Foreign exchange (losses) gains	(12,156)	4,782
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	35,837	(1,118)
Miscellaneous disbursements	(600)	(757)
	<u>\$ 140,717</u>	<u>\$ 2,654</u>

Gains on disposal of investments include the Group's acquisition of MAXIGEN BIOTECH INC achieved in stages. Please refer to Note 6(32) for the gain recognised at fair value on remeasurement of the shares held prior to control being obtained.

(27) Finance costs

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense		
Bank borrowings	\$ 2,604	\$ 3,816
Convertible bonds	-	752
Leases	334	231
	<u>\$ 2,938</u>	<u>\$ 4,799</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense		
Bank borrowings	\$ 8,344	\$ 7,455
Convertible bonds	7,692	2,158
Leases	971	853
	<u>\$ 17,007</u>	<u>\$ 10,466</u>

(28) Expenses by nature

	Three-month periods ended September 30,	
	2021	2020
Employee benefit expense	\$ 252,198	\$ 325,708
Depreciation charges on property, plant and equipment	124,241	81,385
Depreciation charges on investment property	8	-
Operating lease payments	13,627	9,340
Amortisation charges on intangible assets	3,172	4,657
	<u>\$ 393,246</u>	<u>\$ 421,090</u>
	Nine-month periods ended September 30,	
	2021	2020
Employee benefit expense	\$ 892,649	\$ 883,908
Depreciation charges on property, plant and equipment	315,883	234,004
Depreciation charges on investment property	8	-
Operating lease payments	37,453	33,200
Amortisation charges on intangible assets	9,284	12,977
	<u>\$ 1,255,277</u>	<u>\$ 1,164,089</u>

(29) Employee benefit expense

	Three-month periods ended September 30,	
	2021	2020
Wages and salaries	\$ 199,745	\$ 256,560
Employee stock options (Note)	7,968	30,432
Labour and health insurance fees	23,414	19,222
Pension costs	12,499	6,773
Other personnel expenses	8,572	12,721
	<u>\$ 252,198</u>	<u>\$ 325,708</u>
	Nine-month periods ended September 30,	
	2021	2020
Wages and salaries	\$ 747,701	\$ 674,731
Employee stock options (Note)	20,956	91,295
Labour and health insurance fees	61,780	57,007
Pension costs	32,859	23,400
Other personnel expenses	29,353	37,475
	<u>\$ 892,649</u>	<u>\$ 883,908</u>

Note: It was equity-settled.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors'

remuneration.

- B. For the three-month and nine-month periods ended September 30, 2021 and 2020, employees' compensation was accrued at \$46,013, \$41,769, \$138,049 and \$109,837, respectively; while directors' and supervisors' remuneration was accrued at \$1,050, \$1,050, \$3,150 and \$3,150, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not be higher than 3% of distributable profit of current year for the nine-month period ended September 30, 2021.

Employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors were \$163,401 and \$4,200, respectively, and the employees' compensation was distributed in the form of cash.

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

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month periods ended September 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 216,353	\$ 110,935
Tax on undistributed surplus earnings	-	-
Effect from investment tax credits	-	-
Prior year income tax overestimation	(2,651)	(609)
Total current tax	<u>213,702</u>	<u>110,326</u>
Deferred tax:		
Origination and reversal of temporary differences	(3,371)	(658)
Prior year deferred tax asset overestimation	-	8
Total deferred tax	<u>(3,371)</u>	<u>(650)</u>
Income tax expense	<u>\$ 210,331</u>	<u>\$ 109,676</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the period	\$ 366,892	\$ 317,564
Tax on undistributed surplus earnings	-	30,827
Effect from investment tax credits	-	(30,827)
Prior year income tax overestimation	(87,991)	(51,913)
Total current tax	<u>278,901</u>	<u>265,651</u>
Deferred tax:		
Origination and reversal of temporary differences	34,454	(20,389)
Prior year deferred tax asset underestimation	-	(4,317)
Total deferred tax	<u>34,454</u>	<u>(24,706)</u>
Income tax expense	<u>\$ 313,355</u>	<u>\$ 240,945</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	<u>Three-month period ended September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 472,124</u>	117,336	<u>\$ 4.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 472,124		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	-	
Employee stock options	-	20	
Employees' compensation	-	607	
Restricted stocks	-	-	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 472,124</u>	<u>117,963</u>	<u>\$ 4.00</u>

Three-month period ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 494,290	116,837	\$ 4.23
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 494,290		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	1,482	1,440	
Employee stock options	-	78	
Employees' compensation	-	408	
Restricted stocks	-	197	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 495,772	118,960	\$ 4.17
Nine-month period ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,344,393	117,260	\$ 11.47
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,344,393		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	-	
Employee stock options	-	20	
Employees' compensation	-	795	
Restricted stocks	-	-	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,344,393	118,075	\$ 11.39

	Nine-month period ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,390,853	117,287	\$ 11.86
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,390,853		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	1,482	1,440	
Employee stock options	-	75	
Employees' compensation	-	580	
Restricted stocks	-	185	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,392,335</u>	<u>119,567</u>	<u>\$ 11.64</u>

(32) Business combinations

- A. On April 16, 2021, the Group acquired common shares of Maxigen Biotech Inc. Maxigen Biotech Inc. through public tender offer and the acquisition period has expired. The Group acquired a 18.42% equity interest in Maxigen Biotech Inc. by cash amounting to \$370,994. Consequently, the Company held 25.31% equity interests in the company, which had plus 6.89% equity interests held by the Group in the first quarter of 2021. On July 12, 2021, the shareholders of Maxigen Biotech Inc. during their meeting re-elected directors and independent directors, the Group was elected as the chairman of Maxigen Biotech Inc. and hold 2 seats in the Board of Directors. Maxigen Biotech Inc. was a subsidiary of the Group since the Group directed the relevant activities of Maxigen Biotech Inc., and Maxigen Biotech Inc. was consolidated into financial statements from the date of acquisition. The Group expected that respective resources, such as research and development, professional technology and sales channel, will be integrated after the acquisition in order to fulfil supplementary effect and develop global medical device business.
- B. The following table summarises the consideration paid for Maxigen Biotech Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the information on the fair value of non-controlling interest at the acquisition date:

	<u>July 12, 2021</u>	
Fair value of equity interest in Maxigen Biotech Inc. held before the business combination	\$	655,730
Fair value of non-controlling interest		<u>674,699</u>
	\$	<u>1,330,429</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		208,885
Notes and accounts receivable		115,596
Other receivables		13,699
Inventories		97,886
Other current assets		65,402
Property, plant and equipment		461,459
Right-of-use assets		10,595
Investment property		8,875
Intangible assets		1,566
Other non-current assets		32,308
Notes and accounts payable	(	43,834)
Other payables	(	39,238)
Current tax liabilities	(	11,831)
Other current liabilities	(	9,483)
Other non-current liabilities	(	<u>8,583)</u>
Total identifiable net assets		<u>903,302</u>
Goodwill	\$	<u>427,127</u>

- C. Fair values of identifiable net assets acquired were both tentative amounts.
- D. The Company recognised a gain of \$118,816 as a result of measuring at fair value its 25.31% equity interest in Maxigen Biotech Inc. held before the business combination.
- E. Had Maxigen Biotech Inc. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of \$7,205,944 and profit before income tax of \$1,672,497.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 49,309	\$ 21,533
Add: Opening balance of payable on equipment	29,873	110,423
Less: Ending balance of payable on equipment	<u>(40,202)</u>	<u>(48,900)</u>
Cash paid during the period	<u>\$ 38,980</u>	<u>\$ 83,056</u>

B. Financing activities with no cash flow effects

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Convertible bonds being converted to capital stocks	\$ 200	\$ -

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Daido Pharmaceutical Corporation	Other related party (The company's parent company is the Company's institutional shareholder)
PURE MILK CO., LTD.	Other related party (The company is the Company's institutional shareholder)
CHUN LING INTERNATIONAL CO., LTD.	Other related party (The second-tier company of the Company is the company's institutional shareholder)
SMY INTERENT OF PACKAGE CO., LTD.	Associate

(2) Significant related party transactions

A. Operating revenue:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
Other related parties	\$ 2,605	\$ -
Associates	1,345	-
	<u>\$ 3,950</u>	<u>\$ -</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
Other related parties	\$ 4,375	\$ -
Associates	1,359	-
	<u>\$ 5,734</u>	<u>\$ -</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase and processing fees:		
Other related parties	\$ 11,365	\$ 16,736
Associates	363	-
	<u>\$ 11,728</u>	<u>\$ 16,736</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase and processing fees:		
Other related parties	\$ 23,613	\$ 57,091
Associates	2,448	-
	<u>\$ 26,061</u>	<u>\$ 57,091</u>

The transaction prices and payment terms to associates have no similar transactions for comparison. The payment term is 30~60 days after monthly billings.

C. Other income

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rent income:		
Associates	\$ 48	\$ -
	<u>\$ 48</u>	<u>\$ -</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rent income:		
Associates	\$ 142	\$ -
	<u>\$ 142</u>	<u>\$ -</u>

The Company leases offices to associates. Rents are negotiated based on the mutual agreement and are collected monthly.

D. Receivables from related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable:			
Other related parties	\$ 2,415	\$ 2,605	\$ 1,433
Associates	1,427	-	-
	<u>\$ 3,842</u>	<u>\$ 2,605</u>	<u>\$ 1,433</u>

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

E. Payables to related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable:			
Other related parties	\$ 1,403	\$ 12,309	\$ 8,697
Associates	2,879	-	-
	<u>\$ 4,282</u>	<u>\$ 12,309</u>	<u>\$ 8,697</u>

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

(3) Key management compensation

	Three-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 11,299	\$ 65,684
Share-based payments	4,849	24,318
	<u>\$ 16,148</u>	<u>\$ 90,002</u>
	Nine-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 67,833	\$ 117,988
Share-based payments	14,548	72,471
	<u>\$ 82,381</u>	<u>\$ 190,459</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	Book value			<u>Purpose</u>
	<u>Septebmer 30, 2021</u>	<u>December 31, 2020</u>	<u>Septebmer 30, 2020</u>	
Property, plant and equipment	\$ 1,850,591	\$ 1,605,479	\$ 1,170,359	Short-term and long-term borrowings
Current financial assets at amortised cost	12,915	159,953	85,309	Short-term borrowings and contract security deposit account for government grants
Non-current financial assets at amortised	763,065	-	-	Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds
Other non-current assets	500	1,000	1,000	Contract security deposit
	<u>\$ 2,627,071</u>	<u>\$ 1,766,432</u>	<u>\$ 1,256,668</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>Septebmer 30, 2021</u>	<u>December 31, 2020</u>	<u>Septebmer 30, 2020</u>
Property, plant and equipment	<u>\$ 266,628</u>	<u>\$ 286,153</u>	<u>\$ 353,800</u>

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's total unused letters of credit was \$4,528, \$22,072 and \$16,802, respectively.

C. As of September 30, 2021, the Group's guarantee notes under the grant contract to cooperate with the Forward-looking Infrastructure Development Program of Ministry of Economic Affairs amounted to \$43,200.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are based on the Group's operating industrial scale, considering the future growth of the industry and product development, setting up appropriate market share, and planning corresponding capital expenditures. Then, determining the required working capital based on the financial operation plan. Finally, taking into consideration the operating income and cash flows that can be generated by the product competitiveness to decide the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	<u>Septebmer 30, 2021</u>	<u>December 31, 2020</u>	<u>Septebmer 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss - current	<u>\$ 129,591</u>	<u>\$ 135,402</u>	<u>\$ 26,958</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 28,083</u>	<u>\$ 25,848</u>	<u>\$ 25,848</u>
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 5,000,383	\$ 4,856,361	\$ 4,359,363
Financial assets at amortised cost	672,590	395,803	315,759
Notes receivable	48,528	15,669	23,741
Accounts receivable	1,167,342	619,844	670,100
Accounts receivable - related parties	3,842	2,605	1,433
Other receivables	42,192	56,952	32,825
Guarantee deposits paid	38,957	39,880	38,291
Other financial assets	<u>500</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 6,974,334</u>	<u>\$ 5,988,114</u>	<u>\$ 5,442,512</u>
	<u>Septebmer 30, 2021</u>	<u>December 31, 2020</u>	<u>Septebmer 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,346,015	\$ 1,076,334	\$ 1,075,230
Notes payable	3,855	1,944	595
Accounts payable	1,100,719	728,508	791,169
Accounts payable - related parties	4,282	12,309	8,697
Other accounts payable	1,995,451	855,157	801,707
Corporate bonds payable (including current portion)	-	434,268	433,547
Long-term borrowings (including current portion)	<u>591,550</u>	<u>3,980</u>	<u>3,980</u>
	<u>\$ 5,041,872</u>	<u>\$ 3,112,500</u>	<u>\$ 3,114,925</u>
Lease liability	<u>\$ 75,501</u>	<u>\$ 85,301</u>	<u>\$ 94,564</u>

B. Financial risk management policies

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and

matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	September 30, 2021			Book value (NTD)
	Foreign currency amount (In thousands)	Exchange rate		
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	41,494	27.8500	\$ 1,155,608
RMB:NTD	RMB	228,948	4.3050	985,621
EUR:NTD	EUR	943	32.3200	30,478
JPY:NTD	JPY	250,527	0.2490	62,381
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	JPY	737,549	0.2490	\$ 183,650
RMB:NTD	RMB	16,024	4.3050	68,983
USD:NTD	USD	2,869	27.8500	79,902
EUR:NTD	EUR	2,530	32.3200	81,770

		December 31, 2020		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	163,837	4.3770	\$ 717,115
USD:NTD	USD	20,509	28.4800	584,096
EUR:NTD	EUR	4,287	35.0200	150,131
JPY:NTD	JPY	436,839	0.2763	120,699
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	73,866	4.3770	\$ 323,311
USD:NTD	USD	10,168	28.4800	289,585
JPY:NTD	JPY	467,516	0.2763	129,175
EUR:NTD	EUR	1,657	35.0200	58,028
		September 30, 2020		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	165,764	4.2690	\$ 707,647
USD:NTD	USD	16,946	29.1000	493,129
EUR:NTD	EUR	7,063	34.1500	241,201
JPY:NTD	JPY	816,963	0.2756	225,155
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	52,510	4.2690	\$ 224,165
USD:NTD	USD	6,538	29.1000	190,256
EUR:NTD	EUR	3,037	34.1500	103,714
JPY:NTD	JPY	312,861	0.2756	86,224

- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020, amounted to \$4,258, (\$7,197), (\$12,156) and \$4,782, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine-month period ended September 30, 2021				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	11,556	\$ -
RMB:NTD	"		9,856	-
EUR:NTD	"		305	-
JPY:NTD	"		624	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	1%	\$	1,836	\$ -
RMB:NTD	"		690	-
USD:NTD	"		799	-
EUR:NTD	"		818	-

Nine-month period ended September 30, 2021				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$	7,076	\$ -
USD:NTD	"		4,931	-
EUR:NTD	"		2,412	-
JPY:NTD	"		2,252	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$	2,242	\$ -
USD:NTD	"		1,903	-
EUR:NTD	"		1,037	-
JPY:NTD	"		862	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had

increased/decreased by 1% with all other variables held constant, profit for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$1,296 and \$270, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$15 and \$258, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine-month periods ended September 30, 2021 and 2020, the Group's borrowings at variable rate were denominated in New Taiwan dollars and Chinese Renminbi.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$1,162 and \$647, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In accordance with the Group's credit risk management policies, the default occurs when the contract payments are past due over certain days.
- v. The Group classifies customers' accounts receivable in accordance with credit risk. The

Group applies the modified approach using loss rate methodology to estimate expected credit loss.

- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2021, December 31, 2020 and September 30, 2020, the loss rate methodology is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At September 30, 2021</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 908,893	\$ 318,657	\$ 25,536	\$ -	\$ 1,253,086
Loss allowance	\$ -	\$ 29,881	\$ 7,335	\$ -	\$ 37,216
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2020</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 546,238	\$ 86,326	\$ 37,141	\$ -	\$ 669,705
Loss allowance	\$ -	\$ 1,092	\$ 33,100	\$ -	\$ 34,192
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At September 30, 2020</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 549,647	\$ 160,289	\$ 39,442	\$ -	\$ 749,378
Loss allowance	\$ -	\$ 21,551	\$ 33,986	\$ -	\$ 55,537

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 34,192	\$ -
Provision for impairment	3,024	-
At September 30	<u>\$ 37,216</u>	<u>\$ -</u>
	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 55,717	\$ -
Provision for impairment	8	-
Write-offs	(8)	-
Effect of foreign exchange	(180)	-
At September 30	<u>\$ 55,537</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the

Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

- ii. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group has undrawn borrowing facilities of \$8,903,977, \$8,811,646 and \$8,846,464, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 1,346,015	\$ -	\$ -
Notes payable	3,855	-	-
Accounts payable (including related parties)	1,105,001	-	-
Other payables	1,995,451	-	-
Lease liability	33,571	25,030	16,900
Guarantee deposits received	-	11,193	-
Long-term borrowings (including current portion)	-	-	591,550

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 1,076,334	\$ -	\$ -
Notes payable	1,944	-	-
Accounts payable (including related parties)	740,817	-	-
Other payables	855,157	-	-
Lease liability	33,311	26,741	29,212
Guarantee deposits received	-	11,380	-
Long-term borrowings (including current portion)	-	-	3,980
Convertible bonds	439,820	-	-

Non-derivative financial liabilities:

September 30, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 1,075,230	\$ -	\$ -
Notes payable	595	-	-
Accounts payable (including related parties)	799,866	-	-
Other payables	801,707	-	-
Lease liability	36,290	27,987	35,173
Guarantee deposits received	-	11,099	-
Long-term borrowings (including current portion)	-	-	3,980
Convertible bonds	439,820	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>September 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 129,591	\$ -	\$ -	\$ 129,591
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,196</u>	<u>-</u>	<u>26,887</u>	<u>28,083</u>
	<u>\$130,787</u>	<u>\$ -</u>	<u>\$ 26,887</u>	<u>\$157,674</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of corporate bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 135,402	\$ -	\$ -	\$ 135,402
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,196</u>	<u>-</u>	<u>24,652</u>	<u>25,848</u>
	<u>\$ 136,598</u>	<u>\$ -</u>	<u>\$ 24,652</u>	<u>\$ 161,250</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of corporate bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 26,958	\$ -	\$ -	\$ 26,958
Financial assets at fair value through other comprehensive income				
Equity securities	1,196	-	24,652	25,848
	<u>\$ 28,154</u>	<u>\$ -</u>	<u>\$ 24,652</u>	<u>\$ 52,806</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of corporate bonds	\$ -	\$ -	\$ -	\$ -

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u> Closing price
---------------------	---------------------------------------

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the

Group's credit quality.

- D. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. For the nine-month periods ended September 30, 2021 and 2020, no Level 3 financial instrument was changed.
- F. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 26,887	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	15% 9.41%	The higher the long- term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 24,652	Discounted cash flow	Long-term revenue growth rate	15%	The higher the long- term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value.
			Weighted average cost of capital	9.41%	
	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 24,652	Discounted cash flow	Long-term revenue growth rate	15%	The higher the long- term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value.
			Weighted average cost of capital	9.41%	

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		September 30, 2021					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 1,344	\$ 1,344	
		December 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 1,233	\$ 1,233	
		September 30, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 1,233	\$ 1,233	

(4) Other matter

In response to the Covid-19 outbreak, the Group had adopted related preventive measures and complied with various guidelines imposed by the government. Based on the Group's assessment, there were no significant impact on the Group's operation and business in the third quarter of 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- 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: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(12) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	<u>Taiwan</u>	<u>Asia</u>	<u>Others</u>	<u>Adjustment and reversal</u>	<u>Total</u>
<u>Three-month period ended</u>					
<u>September 30, 2021</u>					
Revenue from external customers	\$ 826,548	\$ 1,288,143	\$ 262,725	\$ -	\$ 2,377,416
Revenue from internal customers	<u>1,213,803</u>	<u>67,255</u>	<u>-</u>	<u>(1,281,058)</u>	<u>-</u>
Segment revenue	<u>\$ 2,040,351</u>	<u>\$ 1,355,398</u>	<u>\$ 262,725</u>	<u>(\$ 1,281,058)</u>	<u>\$ 2,377,416</u>
Segment income	<u>\$ 665,274</u>	<u>\$ 337,906</u>	<u>\$ 5,823</u>	<u>(\$ 491,004)</u>	<u>\$ 517,999</u>
Segment income / loss, including:					
Depreciation and amortisation	<u>\$ 119,186</u>	<u>\$ 8,028</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ 127,421</u>
Interest income	<u>252</u>	<u>21,262</u>	<u>-</u>	<u>(161)</u>	<u>21,353</u>
Interest expense	<u>2,828</u>	<u>214</u>	<u>-</u>	<u>(104)</u>	<u>2,938</u>
Income tax expense	<u>189,494</u>	<u>25,664</u>	<u>-</u>	<u>(4,815)</u>	<u>210,331</u>
Investment profit or loss which is adopting equity method	<u>187,474</u>	<u>90,899</u>	<u>-</u>	<u>(279,013)</u>	<u>(640)</u>

	Taiwan	Asia	Other	Adjustment and reversal	Total
<u>Three-month period ended</u>					
<u>September 30, 2020</u>					
Revenue from external customers	\$ 425,472	\$ 1,535,239	\$ 196,021	\$ -	\$ 2,156,732
Revenue from internal customers	1,251,130	86,903	-	(1,338,033)	-
Segment revenue	<u>\$ 1,676,602</u>	<u>\$ 1,622,142</u>	<u>\$ 196,021</u>	<u>(\$ 1,338,033)</u>	<u>\$ 2,156,732</u>
Segment income	<u>\$ 622,640</u>	<u>\$ 368,249</u>	<u>\$ 15,968</u>	<u>(\$ 505,288)</u>	<u>\$ 501,569</u>
Segment income / loss, including:					
Depreciation and amortisation	\$ 63,430	\$ 22,194	\$ 276	\$ -	\$ 85,900
Interest income	42	14,982	-	-	15,024
Interest expense	4,699	100	-	-	4,799
Income tax expense	89,616	20,060	-	-	109,676
Investment profit or loss which is adopting equity method	188,561	95,508	-	(284,069)	-
	Taiwan	Asia	Other	Adjustment and reversal	Total
<u>Nine-month period ended</u>					
<u>September 30, 2021</u>					
Revenue from external customers	\$ 1,741,478	\$ 3,591,402	\$ 1,330,945	\$ -	\$ 6,663,825
Revenue from internal customers	3,357,184	179,860	-	(3,537,044)	-
Segment revenue	<u>\$ 5,098,662</u>	<u>\$ 3,771,262</u>	<u>\$ 1,330,945</u>	<u>(\$ 3,537,044)</u>	<u>\$ 6,663,825</u>
Segment income	<u>\$ 1,702,334</u>	<u>\$ 904,611</u>	<u>\$ 788</u>	<u>(\$ 1,207,801)</u>	<u>\$ 1,399,932</u>
Segment income / loss, including:					
Depreciation and amortisation	\$ 269,424	\$ 55,015	\$ 736	\$ -	\$ 325,175
Interest income	388	59,808	-	(161)	60,035
Interest expense	16,457	654	-	(104)	17,007
Income tax expense	266,274	50,748	1,148	(4,815)	313,355
Investment profit or loss which is adopting equity method	428,732	264,504	-	(687,064)	6,172
Segment total assets	<u>\$ 18,189,653</u>	<u>\$ 11,477,522</u>	<u>\$ 652,886</u>	<u>(\$ 15,254,807)</u>	<u>\$ 15,065,254</u>
Segment assets including:					
Investment which is adopting equity method	\$ 4,938,767	\$ 1,082,240	\$ -	(\$ 6,018,474)	\$ 2,533
Capital expenditure of non- current asset	288,589	20,041	-	-	308,630
Segment total liabilities	<u>\$ 5,423,059</u>	<u>\$ 2,688,674</u>	<u>\$ 641,108</u>	<u>(\$ 2,558,522)</u>	<u>\$ 6,194,319</u>

	Taiwan	Asia	Other	Adjustment and reversal	Total
<u>Nine-month period ended</u>					
<u>September 30, 2022</u>					
Revenue from external customers	\$ 1,173,716	\$ 4,697,615	\$ 297,649	\$ -	\$ 6,168,980
Revenue from internal customers	<u>3,371,259</u>	<u>284,978</u>	<u>-</u>	<u>(3,656,237)</u>	<u>-</u>
Segment revenue	<u>\$ 4,544,975</u>	<u>\$ 4,982,593</u>	<u>\$ 297,649</u>	<u>(\$ 3,656,237)</u>	<u>\$ 6,168,980</u>
Segment income	<u>\$ 1,764,949</u>	<u>\$ 1,156,739</u>	<u>\$ 16,219</u>	<u>(\$ 1,534,180)</u>	<u>\$ 1,403,727</u>
Segment income / loss, including:					
Depreciation and amortisation	<u>\$ 181,996</u>	<u>\$ 64,146</u>	<u>\$ 839</u>	<u>\$ -</u>	<u>\$ 246,981</u>
Interest income	<u>352</u>	<u>23,057</u>	<u>-</u>	<u>-</u>	<u>23,409</u>
Interest expense	<u>10,074</u>	<u>392</u>	<u>-</u>	<u>-</u>	<u>10,466</u>
Income tax expense	<u>160,547</u>	<u>80,398</u>	<u>-</u>	<u>-</u>	<u>240,945</u>
Investment profit or loss which is adopting equity method	<u>545,269</u>	<u>312,315</u>	<u>-</u>	<u>(857,584)</u>	<u>-</u>
Segment total assets	<u>\$ 14,130,030</u>	<u>\$ 11,437,861</u>	<u>\$ 167,902</u>	<u>(\$ 14,344,704)</u>	<u>\$ 11,391,089</u>
Segment assets including:					
Investment which is adopting equity method	<u>\$ 4,457,818</u>	<u>\$ 2,459,260</u>	<u>\$ -</u>	<u>(\$ 6,917,078)</u>	<u>\$ -</u>
Capital expenditure of non- current asset	<u>645,053</u>	<u>31,095</u>	<u>-</u>	<u>-</u>	<u>676,148</u>
Segment total liabilities	<u>\$ 3,779,881</u>	<u>\$ 1,236,403</u>	<u>\$ 148,707</u>	<u>(\$ 769,917)</u>	<u>\$ 4,395,074</u>

For the three-month and nine-month periods ended September 30, 2021 and 2020, sales to Europe and America of reporting department-Taiwan amounted to \$189,898, \$81,233, \$363,916 and \$287,347, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$264,217, \$196,774, \$1,333,397 and \$297,297, respectively.

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The reportable segment income or loss is in accordance with the income before tax from continuing operations for the nine-month periods ended September 30, 2021 and 2020.

TCI CO., LTD. AND SUBSIDIARIES
Loans to others
Nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2021 (Note 3)	Balance at September 30, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	SHANGHAI BIOFUNCTION CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	\$ 516,600	\$ 516,600	\$ -	4.35%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 1,191,609	\$ 1,191,609	Notes 5 and 6
2	SHANGHAI BIOSCIENCE CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	344,400	344,400	-	4.35%	2	-	For operating capital	-	None	-	379,131	379,131	Notes 5 and 6

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the nine-month period ended September 30, 2021. The amount is calculated at the closing rate of RMB\$1 : NTD\$4.3050, the exchange rate used in original transaction shall be adopted if there was no movement.

Note 4: (1) For entities having business transaction with the Company, limit on loans granted to a single party is the higher value of purchasing and selling during the most recent year or during the current year as of the date of financing.

(2) For nature of loan pertaining to short-term financing, limit on loans granted to a single party is 30% of the Company's net assets based on the latest financial statements.

Note 5: For short-term financing with other entities, ceiling on total loans granted by the Company's subsidiary to others is 30% of the subsidiary's net assets based on the latest financial statements,
and limit on loans granted by the Company's subsidiary to a single party is 30% of the subsidiary's net assets based on the latest financial statements.

Note 6: The amounts were approved by the Board of Directors.

TCI CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	TCI CO., LTD.	TCI HK LIMITED	2	\$ 1,661,577	\$ 1,000,000	\$ -	\$ -	\$ -	12.04	\$ 4,153,942	Y	N	N	Note 3

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

Ceiling on total amount of endorsements/guarantees provided to others is 50% of the Company's net assets based on the latest financial statements.

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TCI CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 1,196	0.13	\$ 1,196	
TCI CO., LTD.	LIN LIE INTEGRATION CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	54,000	372	3.48	372	
TCI CO., LTD.	PURE MILK CO., LTD.	The Company was an institutional shareholder of PURE MILK CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	403,333	22,000	9.26	22,000	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	The company was an institutional shareholder of CHUN LING INTERNATIONAL CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	451,440	4,514	19.00	4,514	
TCI CO., LTD.	NIPPI INC	None	Financial assets at fair value through profit or loss - current	70,600	65,044	2.44	65,044	
TCI CO., LTD.	SYNGEN BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	148,000	13,068	0.55	13,068	
TCI CO., LTD.	GENMONT BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	2,079,000	50,312	2.41	50,312	
TCI CO., LTD.	NuVasive INC.	None	Financial assets at fair value through profit or loss - current	700	1,167	0.00	1,167	

TCI CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account (Note 2 Note 3)	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
MAXIGEN BIOTECH INC.	Shares - MAXIGEN BIOTECH INC.		-	-	1,957,000	\$45,072	15,622,881	\$435,406	-	\$ -	\$ -	\$ -	17,579,881	\$480,478

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: It was reclassified from 'financial assets at fair value through profit or loss - current' to 'investment accounted for using equity method' after the public tender offer for acquiring ordinary shares of MAXIGEN BIOTECH INC. expired on April 16, 2021. The Group has obtained control over the subsidiary on July 12, 2021 and included the subsidiary in the consolidated financial statements.

Note 3: The Group invested in the securities with the amount exceeding \$300 million.

Note 4: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

TCI CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	(Sales)	\$ 711,284	(16.11)	60-90 days	The prices and terms of sales and purchases are available to third parties.	Terms for collections are approximately the same as those with third parties.	\$ 40,432	4.06	
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	1,061,781	(24.06)	60-90 days	The prices and terms of sales and purchases are available to third parties.	Terms for collections are approximately the same as those with third parties.	118,373	11.88	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,116,886	(25.30)	60-90 days	The prices and terms of sales and purchases are available to third parties.	Terms for collections are approximately the same as those with third parties.	451,336	4.53	

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

TCI CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD	Subsidiary	Accounts receivable	\$ 118,373	11.22	-	-	\$ 118,373	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	451,336	3.32	-	-	451,336	-

Note: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity.

TCI CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)	
				General ledger account	Amount		
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 711,284	The prices and terms of sales and purchases are available to third parties.	10.67
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	40,432	The prices and terms of sales and purchases are available to third parties.	0.25
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	1,061,781	The prices and terms of sales and purchases are available to third parties.	15.93
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	118,373	The prices and terms of sales and purchases are available to third parties.	0.73
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,116,886	The prices and terms of sales and purchases are available to third parties.	16.76
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	451,336	The prices and terms of sales and purchases are available to third parties.	2.77

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories :

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

TCI CO., LTD. AND SUBSIDIARIES
Information on investees
Nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TCI CO., LTD.	TCI FIRSTEK CORP.	Taiwan	Wholesale and retail of health foods and cosmetics	\$ 43,685	\$ 43,685	238,296,886	100.00	\$ 3,384,054	\$ 242,090	\$ 242,090	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	64,250	64,250	9,541,125	61.19	181,237	85,419	52,268	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	2,236 (	11,091) (	11,091)	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	-	100.00	15,115 (	8,202) (	8,202)	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,007	1	1	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	21,488 (	2,261) (	2,261)	None
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	441	9	6	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	28,429 (	5,444) (	4,318)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	-	-	-	100.00	3,733 (	1)	-	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	91	-	-	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	3,367	3,367	-	100.00	2,027	3,177	3,177	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	10,880 (	11,149) (	11,024)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	19.00	2,533	3,330	633	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	-	17,579,881	22.83	642,244	73,889	12,903	None

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2)The 'Net profit (loss) of the investee for the nine-month period ended September 30, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of September 30, 2021.

TCI CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee as of September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing	\$ 14,204	Note 3	\$ 15,440	\$ -	\$ -	\$ 15,440	\$ 234,681	100.00	\$ 234,681	\$ 3,496,127	\$ 289,047	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	25,830	Note 2	-	-	-	-	263,100	100.00	263,100	3,279,939	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	142,065	Note 2	-	-	-	(12,755)	(12,755)	100.00	(12,755)	170,524	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,127,294	Note 1	438,307	-	-	438,307	418,056	100.00	418,056	1,763,381	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,050	Note 4	-	-	-	-	342	100.00	342	44,208	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	2,785	Note 3	-	-	-	(2,113)	(2,113)	48.53	(1,025)	2,924	-	Note 5 Note 6

Note 1 : Reinvestments in a company in Mainland China through parent company in Taiwan and Shanghai BioScience Co., Ltd.. (USD\$14,400 and RMB\$168,700)

Note 2 : Reinvestments in a company in Mainland China through Shanghai BioTrade Co., Ltd.

Note 3 : Reinvestments in a company in Mainland China through domestic subsidiary company.

Note 4 : Reinvestments in a company in Mainland China through Shanghai BioScience Co., Ltd.

Note 5 : The financial statements that are reviewed and attested by R.O.C. parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 696,250	\$ 5,322,561
TCI FIRSTEK CORP.	15,440	15,440	2,081,212

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.3050, USD\$1 : NTD\$27.8500; income presents at RMB\$1 : NTD\$4.3375, USD\$1 : NTD\$28.0671;

Note 7 : The amount is the higher of limits on accumulated investment amounts or 60% of consolidated net assets was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

TCI CO., LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

Nine-month period ended September 30, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2021	%	Balance at September 30, 2021	Purpose	Maximum balance during the nine-month period ended September 30, 2021	Balance at September 30, 2021	Interest rate	Interest during the nine-month period ended September 30, 2021	Others
SHANGHAI BIOFUNCTION CO., LTD.	\$ 1,061,781	24.06	\$ -	-	\$ 118,373	11.88	\$ -	-	\$ -	\$ -	-	\$ -	-
SHANGHAI BIOTRADE CO., LTD.	711,284	16.11	-	-	40,432	4.06	-	-	-	-	-	-	-

Note: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

TCI CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership
DYDO GROUP HOLDINGS INC.	9,593,216	8.11%