# TCI CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND**

**INDEPENDENT AUDITORS' REVIEW REPORT**

**March 31, 2022 AND 2021**

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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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 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 consolidated 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with 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

May 6, 2022

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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
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

| | Assets | Notes | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| | **Current assets** | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 4,634,047 | 31 | $ 4,704,397 | 32 | $ 4,041,797 | 32 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 117,086 | 1 | 131,266 | 1 | 91,963 | 1 |
| 1136 | Current financial assets at amortised cost | 6(4) and 8 | 707,731 | 5 | 682,472 | 5 | 945,301 | 7 |
| 1150 | Notes receivable, net | 6(5) | 54,851 | - | 61,663 | - | 5,914 | - |
| 1170 | Accounts receivable, net | 6(5) | 885,466 | 6 | 947,234 | 6 | 712,288 | 6 |
| 1180 | Accounts receivable - related parties | 7 | 3,319 | - | 3,026 | - | 723 | - |
| 1200 | Other receivables | | 36,526 | - | 49,983 | - | 72,294 | 1 |
| 1210 | Other receivables due from related parties | | - | - | - | - | 90 | - |
| 1220 | Current income tax assets | 6(31) | - | - | - | - | 1,946 | - |
| 130X | Inventories | 6(6) | 997,468 | 7 | 885,657 | 6 | 727,372 | 6 |
| 1410 | Prepayments | 6(7) | 268,371 | 2 | 280,697 | 2 | 300,072 | 2 |
| 1470 | Other current assets | | 81,531 | 1 | 70,796 | 1 | 48,432 | - |
| 11XX | **Total current assets** | | 7,786,396 | 53 | 7,817,191 | 53 | 6,948,192 | 55 |
| | **Non-current assets** | | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(3) | - | - | - | - | 152,227 | 1 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(3) | 48,801 | - | 48,895 | - | 25,848 | - |
| 1535 | Non-current financial assets at amortised cost | 6(4) | 805,914 | 6 | 774,684 | 5 | - | - |
| 1550 | Investments accounted for using equity method | 6(8) | 2,352 | - | 2,396 | - | 1,517 | - |
| 1600 | Property, plant and equipment | 6(9) | 4,703,461 | 32 | 4,611,133 | 32 | 3,680,046 | 29 |
| 1755 | Right-of-use assets | 6(10) | 80,538 | 1 | 100,984 | 1 | 104,027 | 1 |
| 1760 | Investment property, net | 6(11) | 8,851 | - | 8,859 | - | - | - |
| 1780 | Intangible assets | 6(12) | 447,332 | 3 | 449,001 | 3 | 22,911 | - |
| 1840 | Deferred income tax assets | 6(30) | 31,558 | - | 29,289 | - | 20,679 | - |
| 1900 | Other non-current assets | 6(13) and 8 | 771,991 | 5 | 868,608 | 6 | 1,756,415 | 14 |
| 15XX | **Total non-current assets** | | 6,900,798 | 47 | 6,893,849 | 47 | 5,763,670 | 45 |
| 1XXX | **Total assets** | | $ 14,687,194 | 100 | $ 14,711,040 | 100 | $ 12,711,862 | 100 |

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TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

| | | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Liabilities and Equity | Notes | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| | **Current liabilities** | | | | | | | |
| 2100 | Short-term borrowings | 6(14) | $ 1,456,776 | 10 | $ 1,448,238 | 10 | $ 860,426 | 7 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | 6,578 | - | - | - | - | - |
| 2130 | Current contract liabilities | 6(24) | 379,131 | 3 | 491,139 | 3 | 607,186 | 5 |
| 2150 | Notes payable | | 21,536 | - | 2,985 | - | 1,944 | - |
| 2170 | Accounts payable | | 761,200 | 5 | 857,019 | 6 | 819,624 | 6 |
| 2180 | Accounts payable - related parties | 7 | 3,246 | - | 7,362 | - | 2,012 | - |
| 2200 | Other payables | 6(15) | 1,931,217 | 13 | 1,007,686 | 7 | 870,549 | 7 |
| 2220 | Other payables - related parties | 7 | - | - | 8 | - | - | - |
| 2230 | Current income tax liabilities | 6(31) | 490,711 | 4 | 496,580 | 3 | 477,306 | 4 |
| 2280 | Current lease liabilities | | 27,183 | - | 36,932 | - | 29,020 | - |
| 2320 | Long-term liabilities, current portion | 6(16) | - | - | - | - | 434,791 | 3 |
| 2399 | Other current liabilities, others | | 120,675 | 1 | 98,602 | 1 | 80,888 | 1 |
| 21XX | **Total current liabilities** | | 5,198,253 | 36 | 4,446,551 | 30 | 4,183,746 | 33 |
| | **Non-current liabilities** | | | | | | | |
| 2540 | Long-term borrowings | 6(18) | 883,250 | 6 | 967,510 | 7 | 523,680 | 4 |
| 2570 | Deferred income tax liabilities | 6(31) | 6,511 | - | 5,183 | - | 2,174 | - |
| 2580 | Non-current lease liabilities | | 26,415 | - | 37,898 | - | 47,681 | 1 |
| 2600 | Other non-current liabilities | | 12,340 | - | 11,902 | - | 11,783 | - |
| 25XX | **Total non-current liabilities** | | 928,516 | 6 | 1,022,493 | 7 | 585,318 | 5 |
| 2XXX | **Total liabilities** | | 6,126,769 | 42 | 5,469,044 | 37 | 4,769,064 | 38 |
| | **Equity attributable to owners of parent** | | | | | | | |
| | Share capital | 6(20) | | | | | | |
| 3110 | Share capital - common stock | | 1,182,608 | 8 | 1,182,449 | 8 | 1,182,202 | 9 |
| 3140 | Advance receipts for share capital | | - | - | - | - | 7 | - |
| | Capital surplus | 6(21) | | | | | | |
| 3200 | Capital surplus | | 2,654,721 | 18 | 2,647,254 | 18 | 2,622,393 | 21 |
| | Retained earnings | 6(22) | | | | | | |
| 3310 | Legal reserve | | 744,681 | 5 | 744,681 | 5 | 598,016 | 5 |
| 3320 | Special reserve | | 244,700 | 2 | 244,700 | 2 | 325,709 | 2 |
| 3350 | Unappropriated retained earnings | | 2,803,403 | 19 | 3,698,477 | 25 | 3,640,637 | 29 |
| | Other equity interest | 6(23) | | | | | | |
| 3400 | Other equity interest | | ( 104,343) | ( 1) | ( 282,347) | ( 2) | ( 291,426) | ( 2) |
| 3500 | Treasury shares | 6(20) | ( 118,787) | ( 1) | ( 118,787) | ( 1) | ( 226,857) | ( 2) |
| 31XX | **Equity attributable to owners of the parent** | | 7,406,983 | 50 | 8,116,427 | 55 | 7,850,681 | 62 |
| 36XX | Non-controlling interest | | 1,153,442 | 8 | 1,125,569 | 8 | 92,117 | - |
| 3XXX | **Total equity** | | 8,560,425 | 58 | 9,241,996 | 63 | 7,942,798 | 62 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | |
| 3X2X | **Total liabilities and equity** | | $ 14,687,194 | 100 | $ 14,711,040 | 100 | $ 12,711,862 | 100 |

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

| | Items | Notes | Three months ended March 31 2022 AMOUNT | % | 2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| 4000 | Sales revenue | 6(24) | $ 1,657,985 | 100 | $ 1,945,930 | 100 |
| 5000 | Operating costs | 6(6)(17)(29)(30) | ( 989,141) | ( 60) | ( 1,073,137) | ( 55) |
| 5900 | Net operating margin | | 668,844 | 40 | 872,793 | 45 |
| | Operating expenses | 6(6)(9)(10) | | | | |
| 6100 | Selling expenses | | ( 185,300) | ( 11) | ( 178,661) | ( 9) |
| 6200 | General and administrative expenses | | ( 171,678) | ( 10) | ( 145,640) | ( 8) |
| 6300 | Research and development expenses | | ( 139,835) | ( 9) | ( 120,787) | ( 6) |
| 6000 | Total operating expenses | | ( 496,813) | ( 30) | ( 445,088) | ( 23) |
| 6900 | Operating profit | | 172,031 | 10 | 427,705 | 22 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(25) | 19,922 | 1 | 18,567 | 1 |
| 7010 | Other income | 6(26) | 4,590 | - | 5,620 | - |
| 7020 | Other gains and losses | 6(27) | 45,607 | 3 | 27,397 | 2 |
| 7050 | Finance costs | 6(28) | ( 6,698) | - | ( 4,300) | - |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | 6(8) | ( 44) | - | ( 383) | - |
| 7000 | Total non-operating income and expenses | | 63,377 | 4 | 46,901 | 3 |
| 7900 | **Profit (loss) before income tax** | | 235,408 | 14 | 474,606 | 25 |
| 7950 | Income tax expense | 6(31) | ( 55,816) | ( 3) | ( 90,812) | ( 5) |
| 8200 | **Profit (loss) for the period** | | $ 179,592 | 11 | $ 383,794 | 20 |
| | **Other comprehensive (loss) income** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8316 | Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(2)(19) | ($ 94) | - | $ - | - |
| | **Other comprehensive (loss) income that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(23) | 178,307 | 11 | ( 36,459) | ( 2) |
| 8300 | **Total other comprehensive loss for the period** | | $ 178,213 | 11 | ($ 36,459) | ( 2) |
| 8500 | **Total comprehensive income for the period** | | $ 357,805 | 22 | $ 347,335 | 18 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | $ 154,940 | 9 | $ 381,034 | 20 |
| 8620 | Non-controlling interest | | 24,652 | 2 | 2,760 | - |
| | | | $ 179,592 | 11 | $ 383,794 | 20 |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | $ 332,944 | 20 | $ 343,585 | 18 |
| 8720 | Non-controlling interest | | 24,861 | 2 | 3,750 | - |
| | | | $ 357,805 | 22 | $ 347,335 | 18 |
| | Basic earnings per share (In dollars) | 6(32) | | | | |
| 9750 | Basic earnings per share | | $ | 1.32 | $ | 3.25 |
| 9850 | Diluted earnings per share | | $ | 1.31 | $ | 3.19 |

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(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 | | | | | | |
| | 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 | Non-controlling interest | Total equity |
| For the three-months period ended March 31, 2021 | | | | | | | | | | | | | | |
| Balance at January 1, 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 |
| Profit for the period | | - | - | - | - | - | 381,034 | - | - | - | - | 381,034 | 2,760 | 383,794 |
| Other comprehensive income for the period | 6(23) | - | - | - | - | - | - | ( 37,449 ) | - | - | - | ( 37,449 ) | 990 | ( 36,459 ) |
| Total comprehensive income | 6(21) | - | - | - | - | - | 381,034 | ( 37,449 ) | - | - | - | 343,585 | 3,750 | 347,335 |
| Conversion of convertible bonds into shares | | - | 7 | 193 | - | - | - | - | - | - | - | 200 | - | 200 |
| Share-based payments | 6(19)(23) | - | - | 3,402 | - | - | - | - | - | 3,092 | - | 6,494 | - | 6,494 |
| Exercise of employee stock purchase plans | | - | - | 366 | - | - | - | - | - | - | - | 366 | - | 366 |
| Balance at March 31, 2021 | | $ 1,182,202 | $ 7 | $ 2,622,393 | $ 598,016 | $ 325,709 | $ 3,640,637 | ($ 270,573 ) | ($ 11,576 ) | ($ 9,277 ) | ($ 226,857 ) | $ 7,850,681 | $ 92,117 | $ 7,942,798 |
| For the three-months period ended March 31, 2022 | | | | | | | | | | | | | | |
| Balance at January 1, 2022 | | $ 1,182,449 | $ - | $ 2,647,254 | $ 744,681 | $ 244,700 | $ 3,698,477 | ($ 283,329 ) | $ 982 | $ - | ($ 118,787 ) | $ 8,116,427 | $1,125,569 | $ 9,241,996 |
| Profit for the period | | - | - | - | - | - | 154,940 | - | - | - | - | 154,940 | 24,652 | 179,592 |
| Other comprehensive income for the period | 6(23) | - | - | - | - | - | - | 178,098 | ( 94 ) | - | - | 178,004 | 209 | 178,213 |
| Total comprehensive income | 6(21) | - | - | - | - | - | 154,940 | 178,098 | ( 94 ) | - | - | 332,944 | 24,861 | 357,805 |
| Appropriations of 2021 earnings | | | | | | | | | | | | | | |
| Cash dividends | | - | - | - | - | - | ( 1,050,014 ) | - | - | - | - | ( 1,050,014 ) | - | ( 1,050,014 ) |
| Exercise of employee stock purchase plans | | 159 | - | 709 | - | - | - | - | - | - | - | 868 | - | 868 |
| Share-based payments | 6(19)(23) | - | - | 634 | - | - | - | - | - | - | - | 634 | - | 634 |
| Changes in equity of associates and joint ventures | | - | - | 6,124 | - | - | - | - | - | - | - | 6,124 | - | 6,124 |
| Adjustment to non-proportional investment | | - | - | - | - | - | - | - | - | - | - | - | 3,012 | 3,012 |
| Balance at March 31, 2022 | | $ 1,182,608 | $ - | $ 2,654,721 | $ 744,681 | $ 244,700 | $ 2,803,403 | ($ 105,231 ) | $ 888 | $ - | ($ 118,787 ) | $ 7,406,983 | $1,153,442 | $ 8,560,425 |

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

| | Notes | Three months ended March 31 2022 | Three months ended March 31 2021 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 235,408 | $ 474,606 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(9)(10)(11)(29) | 134,912 | 92,086 |
| Amortisation | 6(29) | 1,976 | 2,962 |
| Net loss (gain) on financial assets at fair value through profit or loss | 6(2)(27) | 2,918 | ( 38,389 ) |
| Net loss on financial liabilities at fair value through profit or loss | | 6,578 | - |
| Gain on disposal of property, plant and equipment | 6(27) | ( 484 ) | ( 3 ) |
| Gain on disposal of investments | 6(27) | ( 1,384 ) | 1,900 |
| Interest income | 6(25) | ( 19,922 ) | ( 18,567 ) |
| Interest expense | 6(28) | 6,698 | 4,300 |
| Compensation cost arising from employee stock options | 6(19)(30) | 5,435 | 6,494 |
| Gains arising from lease modifications | 6(10)(27) | ( 153 ) | - |
| Share of profit of associates and joint ventures accounted for under the equity method | 6(8) | 44 | 383 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 6,812 | 9,755 |
| Accounts receivable | | 61,768 | ( 92,444 ) |
| Accounts receivable - related parties | | ( 293 ) | 1,882 |
| Other receivables | | 21,282 | ( 5,304 ) |
| Other receivables due from related parties | | - | ( 90 ) |
| Inventories | | ( 111,811 ) | ( 78,128 ) |
| Prepayments | | 12,326 | ( 128,338 ) |
| Other current assets | | ( 10,735 ) | ( 12,492 ) |
| Changes in operating liabilities | | | |
| Contract liabilities - current | | ( 112,008 ) | ( 46,522 ) |
| Notes payable | | 18,551 | - |
| Accounts payable | | ( 95,819 ) | 91,116 |
| Accounts payable - related parties | | ( 4,116 ) | ( 10,297 ) |
| Other payables | | ( 77,744 ) | 22,698 |
| Other payables - related parties | | ( 8 ) | - |
| Other current liabilities | | 22,073 | 24,230 |
| Cash inflow generated from operations | | 102,304 | 301,838 |
| Interest received | | 12,097 | 8,529 |
| Interest paid | | ( 5,977 ) | ( 3,230 ) |
| Income tax paid | | ( 62,626 ) | ( 28,579 ) |
| Net cash flows from operating activities | | 45,798 | 278,558 |

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TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

| | Notes | Three months ended March 31 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | 6(34) | ($ 46,703 ) | ($ 19,357 ) |
| Proceeds from disposal of property, plant and equipment | | 5,200 | 17 |
| Decrease in refundable deposits | 6(13) | 282 | 1,980 |
| Acquisition of intangible assets | | ( 206 ) | ( 1,993 ) |
| Decrease in other non-current assets | | 9,292 | 16,448 |
| Acquisition of financial assets at fair value through profit or loss | | ( 259 ) | ( 70,399 ) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 12,905 | - |
| Increase in financial assets at amortised cost | | ( 56,489 ) | ( 549,498 ) |
| Increase in prepayments for purchase of equipment | | ( 88,686 ) | ( 135,124 ) |
| Increase in prepayments for investments | 6(10) | ( 950 ) | ( 604,346 ) |
| Net cash flows used in investing activities | | ( 165,614 ) | ( 1,362,272 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term borrowings | | 641,040 | 1,922,521 |
| Repayments of short-term borrowings | | ( 648,748 ) | ( 2,137,651 ) |
| Proceeds from long-term borrowings | | 245,740 | 519,700 |
| Lease liabilities paid | 6(10) | ( 9,964 ) | ( 8,544 ) |
| Redemption of long-term borrowings | | ( 330,000 ) | - |
| (Increse) decrease in guarantee deposits | | 438 | ( 89 ) |
| Employee stock options | | 868 | - |
| Payments due to disgorgement | | - | 366 |
| Change in non-controlling interests | | 3,012 | - |
| Net cash flows (used in) from financing activities | | ( 97,614 ) | 296,303 |
| Effects due to changes in exchange rate | | 147,080 | ( 27,153 ) |
| Net decrease in cash and cash equivalents | | ( 70,350 ) | ( 814,564 ) |
| Cash and cash equivalents at beginning of period | 6(1) | 4,704,397 | 4,856,361 |
| Cash and cash equivalents at end of period | 6(1) | $ 4,634,047 | $ 4,041,797 |

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

TCI CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(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 May 6, 2022 .

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| 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 (%) March 31, 2022 | Ownership (%) December 31, 2021 | Ownership (%) March 31, 2021 | Description |
|---|---|---|---|---|---|---|
| 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 | 52.64 | 52.64 | 61.19 | Note 1 |
| TCI CO., LTD. | SHANGHAI BIOSCIENCE CO., LTD. | Producing health foods | 36.73 | 36.73 | 34.76 | Note 1 |
| TCI CO., LTD. | TCI HK LIMITED | Trading health foods and cosmetics | 100 | 100 | 100 | Note 1 |
| TCI CO., LTD. | BIOCOSME CO., LTD. | Trading health foods and cosmetics | 100 | 100 | 100 | Note 1 |
| TCI CO., LTD. | PETFOOD BIOTECHNOLOGY CO., LTD. | Trading health foods for pets | 60 | 60 | 0 | Note 4 |
| 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 (%) March 31, 2022 | Ownership (%) December 31, 2021 | Ownership (%) March 31, 2021 | Description |
|---|---|---|---|---|---|---|
| SHANGHAI BIOSCIENCE CO., LTD. | SHANGHAI BIOSCIENCE CO., LTD. | Producing health foods | 63.27 | 63.27 | 65.24 | 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 | 0 | Note 3<br>Note 7 |
| TCI LIVING CO., LTD. | SBI GROUP HK LIMITED | Trading health foods and cosmetics | 100 | 100 | 100 | Note 3 |
| 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<br>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<br>Note 5 |
| TCI CO., LTD. | QUANTUM BIOLOGY INC. | Research and development of biotechnology | 100 | 100 | 100 | Note 1<br>Note 6 |
| TCI CO., LTD. | TCI BIOTECH LLC | Trading health foods and cosmetics | 3.85 | 5.66 | 100 | Note 1 |
| TCI BIOTECH LLC | TCI BIOTECH USA LLC | Trading health foods and cosmetics | 100 | 100 | - | Note 1<br>Note 4 |
| TCI BIOTECH NETHERLANDS B.V. | TCI BIOTECH LLC | Trading health foods and cosmetics | 96.15 | 94.34 | - | Note 1 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) March 31, 2022 | Ownership (%) December 31, 2021 | Ownership (%) March 31, 2021 | Description |
|---|---|---|---|---|---|---|
| TCI CO., LTD. | Maxigen Biotech Inc. | Research and development, producing and sales of biotechnology and cosmetics | 22.83 | 22.83 | - | Note 9 |
| Maxigen Biotech Inc. | Maxigen Biotech International Investment Corporation Limited | Reinvested business | 100 | 100 | - | Note 9 |
| Maxigen Biotech Inc. | HORAY INC. | Trading of cosmetics and package materials | 100 | 100 | - | Note 9 |
| Maxigen Biotech Inc. | Maxigen Biotech Shanghai Co., Ltd. | Trading of cosmetics and package materials | 100 | 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: A subsidiary newly established in the current year.

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 March 31, 2022.

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 $3,019,757 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:

| | | Non-controlling interests | | | |
|---|---|---|---|---|---|
| | | March 31, 2022 | | March 31, 2021 | |
| Name of subsidiary | Principal place of business | Amount | Ownership (%) | Amount | Ownership (%) |
| GENE & NEXT INC. | Taiwan | $ 179,166 | 47.36% | $ 84,820 | 38.81% |
| MAXIGEN BIOTECH INC. (Note) | Taiwan | $ 942,324 | 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. | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| Current assets | $ 498,709 | $ 207,752 |
| Non-current assets | 64,570 | 59,985 |
| Current liabilities | ( 152,813) | ( 49,183) |
| Non-current liabilities | ( 55) | - |
| Total net assets | $ 410,411 | $ 218,554 |

| | MAXIGEN BIOTECH INC. | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| Current assets | $ 801,969 | $ - |
| Non-current assets | 472,548 | - |
| Current liabilities | ( 102,052) | - |
| Non-current liabilities | ( 6,802) | - |
| Total net assets | $ 1,165,663 | $ - |

Statements of comprehensive income

| | GENE & NEXT INC. | |
|---|---|---|
| | Three months ended March 31, | |
| | 2022 | 2021 |
| Revenue | $ 97,736 | $ 31,985 |
| Profit before income tax | 28,494 | 12,157 |
| Income tax expense | ( 9,253) | ( 3,035) |
| Profit for the period | 19,241 | 9,122 |
| Other comprehensive gain | 231 | 1,527 |
| Total comprehensive income for the period, net of tax | $ 19,472 | $ 10,649 |
| Comprehensive income attributable to non-controlling interest | $ 8,796 | $ 4,133 |
| Dividends paid to non-controlling interest | $ - | $ - |

| | MAXIGEN BIOTECH INC. | |
|---|---|---|
| | Three months ended March 31, | |
| | 2022 | 2021 |
| Revenue | $ 123,261 | $ - |
| Profit before income tax | 25,621 | - |
| Income tax expense | ( 5,074) | - |
| Profit for the period | 20,547 | - |
| Other comprehensive loss, net of tax | ($ 271) | $ - |
| Total comprehensive income | $ 20,276 | $ - |
| Comprehensive income attributable to non-controlling interest | $ 15,768 | $ - |
| Dividends paid to non-controlling interest | $ - | $ - |

Statements of cash flows

| | GENE & NEXT INC. | |
|---|---|---|
| | Three months ended March 31, | |
| | 2022 | 2021 |
| Net cash provided by (used in) operating activities | $ 52,809 | ($ 15,623) |
| Effect of exchange rate changes on cash and cash equivalents | 231 | 1,527 |
| Increase in cash and cash equivalents | 53,040 | ( 14,096) |
| Cash and cash equivalents at beginning of period | 326,187 | 131,148 |
| Cash and cash equivalents at end of period | $ 379,227 | $ 117,052 |

| | MAXIGEN BIOTECH INC. | |
|---|---|---|
| | Three months ended March 31, | |
| | 2022 | 2021 |
| Net cash provided by operating activities | $ 57,769 | $ - |
| Net cash flows used in investing activities | ( 1,597) | - |
| Net cash used in financing activities | ( 586) | - |
| Effect of exchange rate changes on cash and cash equivalents | ( 271) | - |
| Increase in cash and cash equivalents | 55,315 | - |
| Cash and cash equivalents at beginning of period | 513,305 | - |
| Cash and cash equivalents at end of period | $ 568,620 | $ - |

(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.

D. The Group recognises the dividend income 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.

(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) Leasing arrangements (lessor)－lease receivables/ operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) 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 the estimated costs necessary to make the sale.

(15) 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. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. 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.

(16) 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 |

(17) 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.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model over its estimated useful life of 15 ~ 50 years.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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'.

(25) 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.

(26) 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.

(27) 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.

(28) 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'.

(29) 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.

(30) 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.

(31) Dividends

The distribution of cash dividends was recognised as liabilities in the financial statements after the special resolution of the Board of Directors according to the amended Company Act Article 240 and the Company's Articles of Incorporation.

(32) 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.

C. Service revenue

The Group provides health examination services for customers. Revenue from providing services is recognised at a point in time in which the services are rendered.

D. Rental revenue

Rental revenue from an operating lease is recognised in profit or loss on a straight-line basis over the lease term.

(33) 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.

(34) 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.

(35) 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 ssumptions 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

None.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Cash on hand and revolving funds | $ 13,800 | $ 7,619 | $ 27,828 |
| Checking accounts and demand deposits | 4,135,076 | 2,886,847 | 2,111,911 |
| Time deposits | 1,998,816 | 3,267,087 | 2,848,359 |
| | 6,147,692 | 6,161,553 | 4,988,098 |
| Less: Shown as 'current financial assets at amortised cost' | ( 707,231) | ( 681,972) | ( 885,800) |
| Less: Shown as 'current financial assets at amortised cost - pledged' | ( 500) | ( 500) | ( 59,501) |
| Less: Shown as 'non-current financial assets at amortised cost - pledged' | ( 805,914) | ( 774,684) | - |
| Less: Shown as 'other non-current assets - pledged' | - | - | ( 1,000) |
| | $ 4,634,047 | $ 4,704,397 | $ 4,041,797 |

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 March 31, 2022, December 31, 2021 and March 31, 2021, the Group recognised time deposits with maturity over 3 months of $707,731, $682,472 and $945,301, respectively, and shown as 'current financial assets at amortised cost'.

C. As of March 31, 2022 and December 31, 2021, the bank deposits amounting to $805,914 and $774,684, respectively, which 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 / liabilities at fair value through profit or loss

| Items | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed stocks | $ 132,862 | $ 144,125 | $ 95,808 |
| Valuation adjustment | ( 15,776) | ( 12,859) | ( 3,845) |
| | $ 117,086 | $ 131,266 | $ 91,963 |
| Financial liabilities mandatorily measured at fair value through profit or loss | | | |
| Derivative financial instruments | $ 6,578 | $ - | $ - |
| Non-current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed stocks | $ - | $ - | $ 109,484 |
| Valuation adjustments | - | - | 42,743 |
| Subtotal | - | - | 152,227 |
| Total | - | - | 152,227 |

A. Amounts recognised in profit or loss in relation to financial assets/liabilities at fair value through profit or loss are listed below:

| | Year ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Financial assets/liabilities mandatorily measured at fair value through profit or loss | | |
| Equity instruments | ($ 2,918) | $ 38,389 |
| Derivative financial instruments | ( 6,578) | - |
| Total | ($ 9,496) | $ 38,389 |

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

| Derivative financial liabilities | March 31, 2022 Contract amount (Notional principal) | | Contract period | March 31, 2021 Contract amount (Notional principal) | | Contract period |
|---|---|---|---|---|---|---|
| Current items: | | | | | | |
| Forward exchange contracts | RMB | 300,000 | 2022.01.09 ~2022.04.21 | - | - | - |

The Group entered into forward foreign exchange contracts to (purchase) sell forward foreign exchange in advance to hedge exchange rate risk of (import) export proceeds. However, these forward foreign exchange contracts are not accounted for using hedge accounting since it did not meet all the conditions of hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Note 12(2).

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

| Items | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|
| Non-current items: | | | | | | |
| Equity instruments | | | | | | |
| Listed stocks | $ | 12,604 | $ | 12,604 | $ | 12,604 |
| Unlisted stocks | | 27,054 | | 27,054 | | 24,820 |
| | | 39,658 | | 39,658 | | 37,424 |
| Valuation adjustment | | 9,143 | | 9,237 | ( | 11,576) |
| | $ | 48,801 | $ | 48,895 | $ | 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 $48,801, $48,895 and $25,848 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, 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 $48,801, $48,895 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

| Items | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Current items: | | | |
| Time deposits | $ 707,731 | $ 682,472 | $ 945,301 |
| Non-current items： | | | |
| Restricted bank deposits | $ 805,914 | $ 774,684 | $ - |

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

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest income | $ 7,535 | $ 718 |

B. As at March 31, 2022, December 31, 2021 and March 31, 2021, 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 $1,513,645, $1,457,156 and $945,301, respectively.

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Notes receivable | $ 54,851 | $ 61,663 | $ 5,914 |
| Less: Allowance for uncollectible accounts | - | - | - |
| | $ 54,851 | $ 61,663 | $ 5,914 |
| Accounts receivable | $ 912,999 | $ 974,767 | $ 746,480 |
| Less: Allowance for uncollectible accounts | ( 27,533) | ( 27,533) | ( 34,192) |
| | $ 885,466 | $ 947,234 | $ 712,288 |

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Not past due | $ 748,801 | $ 847,509 | $ 588,282 |
| Up to 30 days | 42,086 | 67,318 | 41,782 |
| 31 to 90 days | 124,115 | 62,889 | 75,511 |
| Over 90 days | 25,315 | 31,181 | 12,627 |
| | $ 940,317 | $ 1,008,897 | $ 718,202 |

The above ageing analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, 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 $54,851, $61,663 and $5,914; $885,466, $947,234 and $712,288 respectively.

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

(6) Inventories

| | March 31, 2022 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 645,198 | ($ 25,624) | $ 619,574 |
| Work in progress | 42,811 | ( 3,013) | 39,798 |
| Finished goods | 357,197 | ( 19,964) | 337,233 |
| Inventory in transit | 863 | - | 863 |
| | $ 1,046,069 | ($ 48,601) | $ 997,468 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 577,287 | ($ 35,353) | $ 541,934 |
| Work in progress | 36,721 | ( 1,844) | 34,877 |
| Finished goods | 309,333 | ( 6,052) | 303,281 |
| Inventory in transit | 5,565 | - | 5,565 |
| | $ 928,906 | ($ 43,249) | $ 885,657 |

| | March 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 508,946 | ($ 18,761) | $ 490,185 |
| Work in progress | 38,048 | ( 173) | 37,875 |
| Finished goods | 215,414 | ( 16,102) | 199,312 |
| | $ 762,408 | ($ 35,036) | $ 727,372 |

The cost of inventories recognised as expense for the three months ended March 31, 2022 and 2021, was $989,141 and $1,073,137, respectively, including the amount of $5,352that the Group wrote down from cost to net realisable value accounted for as cost of goods sold, as well as the amount of

($1,106) that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold.

(7) Prepayments

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Prepaid expenses | $ 138,759 | $ 183,674 | $ 122,887 |
| Prepayments to suppliers | 51,723 | 34,678 | 125,704 |
| Excess business tax paid (or Net Input VAT) | 77,889 | 62,345 | 51,481 |
| | $ 268,371 | $ 280,697 | $ 300,072 |

(8) Investments accounted for using equity method

| | 2022 | 2021 |
|---|---|---|
| At January 1 | $ 2,396 | $ 1,900 |
| Share of profit of investments accounted for using equity method | ( 44) | ( 383) |
| At March 31 | $ 2,352 | $ 1,517 |

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Associates | $ 2,352 | $ 2,396 | $ 1,517 |

(9) Property, plant and equipment

| | Land | Buildings and structures | Machinery | Machinery for lease | Office equipment | Others | Unfinished construction | Total |
|---|---|---|---|---|---|---|---|---|
| At January 1, 2022 | | | | | | | | |
| Cost | $ 801,215 | $ 2,384,657 | $ 1,942,358 | $ 35,982 | $ 514,705 | $ 442,493 | $ 18,793 | $ 6,140,203 |
| Accumulated depreciation | - | ( 325,272) | ( 729,218) | ( 23,767) | ( 176,301) | ( 274,512) | - | ( 1,529,070) |
| | $ 801,215 | $ 2,059,385 | $ 1,213,140 | $ 12,215 | $ 338,404 | $ 167,981 | $ 18,793 | $ 4,611,133 |
| 2022 | | | | | | | | |
| At January 1 | $ 801,215 | $ 2,059,385 | $ 1,213,140 | $ 12,215 | $ 338,404 | $ 167,981 | $ 18,793 | $ 4,611,133 |
| Additions | - | 147 | 11,707 | - | 2,764 | 2,428 | 3,579 | 20,625 |
| Disposals | - | - | ( 4,597) | - | - | ( 119) | - | ( 4,716) |
| Transfers | - | - | 84,609 | - | 85,792 | 4,934 | - | 175,335 |
| Depreciation charge | - | ( 20,625) | ( 65,467) | ( 7,602) | ( 17,284) | ( 14,312) | - | ( 125,290) |
| Net exchange differences | - | 11,837 | 11,234 | - | 2,364 | 939 | - | 26,374 |
| At March 31 | $ 801,215 | $ 2,050,744 | $ 1,250,626 | $ 4,613 | $ 412,040 | $ 161,851 | $ 22,372 | $ 4,703,461 |
| At March 31, 2022 | | | | | | | | |
| Cost | $ 801,215 | $ 2,399,908 | $ 2,044,012 | $ 35,982 | $ 606,194 | $ 406,788 | $ 22,372 | $ 6,316,471 |
| Accumulated depreciation | - | ( 349,164) | ( 793,385) | ( 31,370) | ( 194,154) | ( 244,937) | - | ( 1,613,010) |
| | $ 801,215 | $ 2,050,744 | $ 1,250,627 | $ 4,612 | $ 412,040 | $ 161,851 | $ 22,372 | $ 4,703,461 |

| | Land | Buildings and structures | Machinery | Office equipment | Others | Total |
|---|---|---|---|---|---|---|
| At January 1, 2021 | | | | | | |
| 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) |
| | $ 663,801 | $ 1,862,103 | $ 880,148 | $ 160,374 | $ 147,764 | $ 3,714,190 |
| 2021 | | | | | | |
| At January 1 | $ 663,801 | $ 1,862,103 | $ 880,148 | $ 160,374 | $ 147,764 | $ 3,714,190 |
| Additions | - | - | 5,198 | 2,315 | 4,538 | 12,051 |
| Disposals | - | - | - | - | ( 14) | ( 14) |
| Reclassifications | 4,190 | 12,275 | ( 6,744) | 10,690 | 22,280 | 42,691 |
| Depreciation charge | - | ( 17,988) | ( 41,807) | ( 8,980) | ( 14,927) | ( 83,702) |
| Net exchange differences | - | ( 2,497) | ( 2,394) | ( 40) | ( 239) | ( 5,170) |
| At March 31 | $ 667,991 | $ 1,853,893 | $ 834,401 | $ 164,359 | $ 159,402 | $ 3,680,046 |
| At March 31, 2021 | | | | | | |
| Cost | $ 667,991 | 2,069,669 | $ 1,335,854 | $ 273,725 | $ 365,241 | $ 4,712,480 |
| Accumulated depreciation | - | ( 215,776) | ( 501,453) | ( 109,366) | ( 205,839) | ( 1,032,434) |
| | $ 667,991 | $ 1,853,893 | $ 834,401 | $ 164,359 | $ 159,402 | $ 3,680,046 |

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:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| | Carrying amount | Carrying amount | Carrying amount |
| Land | $ 28,691 | $ 27,829 | $ 28,339 |
| Buildings | 51,847 | 73,155 | 75,232 |
| Transportation equipment (Business vehicles) | - | - | 456 |
| | $ 80,538 | $ 100,984 | $ 104,027 |

| | Three months ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | Depreciation charge | Depreciation charge |
| Land | $ 173 | $ 171 |
| Buildings | 9,441 | 8,004 |
| Transportation equipment (Business vehicles) | - | 209 |
| | $ 9,614 | $ 8,384 |

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 months ended March 31, 2022 and 2021, the additions to right-of-use assets both amounted to $0.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 721 | $ 347 |
| Expense on short-term lease contracts | $ 9,027 | $ 10,093 |
| Expense on leases of low-value assets | $ 507 | $ 1,057 |
| Gain or loss on lease modification | $ 153 | $ - |

F. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases amounted to $19,498 and $19,694, respectively.

(11) Investment property

| | 2022 | | |
|---|---|---|---|
| | Land | Buildings and structures | Total |
| At January 1 | | | |
| Cost | $ 7,949 | $ 926 | $ 8,875 |
| Accumulated depreciation and impairment | - | ( 16) | ( 16) |
| | $ 7,949 | $ 910 | $ 8,859 |
| Opening net book amount as at January 1 | $ 7,949 | $ 910 | $ 8,859 |
| Depreciation charge | - | ( 8) | ( 8) |
| Closing net book amount as at March 31 | $ 7,949 | $ 902 | $ 8,851 |
| At March 31 | | | |
| Cost | $ 7,949 | $ 926 | $ 8,875 |
| Accumulated depreciation and impairment | - | ( 24) | ( 24) |
| | $ 7,949 | $ 902 | $ 8,851 |

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

| | Three months ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Rental income from investment property | $ 143 | $ - |
| Direct operating expenses arising from the investment property that generated rental income during the period | $ 8 | $ - |

B. The fair value of the investment property held by the Group as at March 31, 2022 was $21,651 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

| | Goodwill | Trademarks | Software | Royalty | Others | Total |
|---|---|---|---|---|---|---|
| At January 1, 2022 | | | | | | |
| Cost | $ 428,595 | $ 6,059 | $ 41,647 | $ 7,400 | $ 15,254 | $ 498,955 |
| Accumulated amortisation | - | ( 1,981) | ( 27,247) | ( 6,028) | ( 14,698) | ( 49,954) |
| | $ 428,595 | $ 4,078 | $ 14,400 | $ 1,372 | $ 556 | $ 449,001 |
| 2022 | | | | | | |
| At January 1 | $ 428,595 | $ 4,078 | $ 14,400 | $ 1,372 | $ 556 | $ 449,001 |
| Additions－acquired separately | - | - | 106 | - | 100 | 206 |
| Transfers | - | - | 95 | - | - | 95 |
| Amortisation charge | - | ( 158) | ( 1,697) | ( 65) | ( 56) | ( 1,976) |
| Net exchange differences | - | 5 | 2 | - | ( 1) | 6 |
| At March 31 | $ 428,595 | $ 3,925 | $ 12,906 | $ 1,307 | $ 599 | $ 447,332 |
| At March 31, 2022 | | | | | | |
| Cost | $ 428,595 | $ 6,068 | $ 24,988 | $ 7,400 | $ 8,744 | $ 475,795 |
| Accumulated amortisation | - | ( 2,143) | ( 12,082) | ( 6,093) | ( 8,145) | ( 28,463) |
| | $ 428,595 | $ 3,925 | $ 12,906 | $ 1,307 | $ 599 | $ 447,332 |

| | Goodwill | Trademarks | Software | Royalty | Others | Total |
|---|---|---|---|---|---|---|
| At January 1, 2021 | | | | | | |
| Cost | $ 1,468 | $ 4,860 | $ 41,199 | $ 2,600 | $ 6,611 | $ 56,738 |
| Accumulated amortisation | - | ( 552) | ( 28,571) | ( 968) | ( 4,408) | ( 34,499) |
| | $ 1,468 | $ 4,308 | $ 12,628 | $ 1,632 | $ 2,203 | $ 22,239 |
| 2021 | | | | | | |
| At January 1 | $ 1,468 | $ 4,308 | $ 12,628 | $ 1,632 | $ 2,203 | $ 22,239 |
| Additions－ | | | | | | |
| acquired separately | - | - | 1,993 | - | - | 1,993 |
| Reclassifications | - | - | 1,642 | - | - | 1,642 |
| Amortisation charge | - | ( 127) | ( 2,221) | ( 63) | ( 551) | ( 2,962) |
| Net exchange differences | - | ( 1) | - | - | - | ( 1) |
| At March 31 | $ 1,468 | $ 4,180 | $ 14,042 | $ 1,569 | $ 1,652 | $ 22,911 |
| At March 31, 2021 | | | | | | |
| Cost | $ 1,468 | $ 4,859 | $ 33,731 | $ 2,600 | $ 6,611 | $ 49,269 |
| Accumulated amortisation | - | ( 679) | ( 19,689) | ( 1,031) | ( 4,959) | ( 26,358) |
| | $ 1,468 | $ 4,180 | $ 14,042 | $ 1,569 | $ 1,652 | $ 22,911 |

Details of amortisation on intangible assets are as follows:

| | Three months ended March 31, 2022 | Three months ended March 31, 2021 |
|---|---|---|
| Overhead | $ 138 | $ 176 |
| Selling expenses | 83 | 565 |
| Administrative expenses | 1,533 | 1,896 |
| Research and development expenses | 222 | 325 |
| | $ 1,976 | $ 2,962 |

(13) Other non-current assets

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Prepayments for construction business facilities | $ 718,923 | $ 810,554 | $ 1,091,864 |
| Prepayments fro investments | 950 | | 604,346 |
| Guarantee deposits paid | 44,244 | 44,526 | 37,900 |
| Pledged time deposits | - | | 1,000 |
| Net defined benefit asset | 2,906 | 2,901 | - |
| Other non-current assets | 4,968 | 10,627 | 21,305 |
| | $ 771,991 | $ 868,608 | $ 1,756,415 |

(14) Short-term borrowings

| Type of Borrowings | March 31, 2022 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 1,456,776 | 0.52%~3.32% | None |

| Type of borrowings | December 31, 2021 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 1,448,238 | 0.52%~3.33% | None |

| Type of borrowings | March 31, 2021 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 860,426 | 0.52%~0.58% | None |

Interest expense recognised in profit or loss amounted to $5,977 and $3,230 for the three months ended March 31, 2022 and 2021, respectively.

(15) Other payables

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Dividends payable | $ 1,050,014 | $ - | $ - |
| Employee bonus payable | 345,602 | 315,997 | 327,296 |
| Salaries and bonuses payable | 137,009 | 225,138 | 301,779 |
| Payable on machinery and equipment | 30,121 | 56,199 | 22,567 |
| Tax payables | 7,191 | 34,918 | 16,568 |
| Other payables | 361,280 | 375,434 | 202,339 |
| | $ 1,931,217 | $ 1,007,686 | $ 870,549 |

(16) Bonds payable

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Bonds payable | $ - | $ - | $ 435,200 |
| Less: Discount on bonds payable | - | - | ( 409) |
| | - | - | 434,791 |
| Less: Current portion or exercise of put options | - | - | ( 434,791) |
| | $ - | $ - | $ - |

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 months ended March 31, 2022, 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) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $0.

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

(b) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021 were $12,802 and $9,332, respectively.

C. 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 months ended March 31, 2022 and 2021, both were 20%. Other than the monthly contributions, the Group has no further obligations.

(18) Long-term borrowings

March 31, 2021: None.

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | March 31, 2022 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Unsecured borrowings | Borrowing period is from March 3, 2020, to January 5, 2028; interest is repayable monthly. | 0.89%～1.03% | None | $ 883,250 |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2021 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Unsecured borrowings | Borrowing period is from March 3, 2020, to January 5, 2028; interest is repayable monthly. | 0.89%～1.03% | None | $ 967,510 |

(19) Share-based payment

A. For the three months ended March 31, 2022 and 2021, 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%<br>Employees with 3 service years are entitled to 60%<br>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%<br>Employees with 2 service years are entitled to 66%<br>Employees with 3 service years are entitled to 100%<br>Operating revenue growth rate 30% (year)<br>Maintaining profit rate after tax above 10%<br>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%<br>Employees with 3 service years are entitled to 80%<br>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%<br>Employees with 2 service years are entitled to 66%<br>Employees with 3 service years are entitled to 100%<br>Profit rate before tax in the previous financial statements is no less than 20% |
| Employee stock options | 2021.07.31 | 3143 | Not applicable | Vested immediately |
| Employee stock options | 2021.11.03 | 2630 | 6 years | Employees with 2 service years are entitled to 40%<br>Employees with 3 service years are entitled to 80%<br>Employees with 4 service years are entitled to 100% |

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:

| | Three months ended March 31, 2022 | | Three months ended March 31, 2021 | |
|---|---|---|---|---|
| | No. of options | Weighted-average exercise price (in dollars) | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 21 | $ 100 | 49 | $ 100 |
| Options exercised | ( 16) | 100 | ( 23) | 100 |
| Options outstanding at the end of the period | 21 | $ 100 | 26 | $ 100 |
| Options exercisable at the end of the period | 5 | $ 100 | 26 | $ 100 |

| | Three months ended March 31, 2022 | | Three months ended March 31, 2021 | |
|---|---|---|---|---|
| | No. of options | Weighted-average exercise price (in dollars) | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 1,617 | $ 448 | 1,692 | $ 448 |
| Options expired | ( 29) | 448 | ( 93) | 448 |
| Options outstanding at the end of the period | 1,617 | $ 448 | 1,599 | $ 448 |
| Options exercisable at the end of the period | 1,270 | $ 448 | 624 | $ 448 |

C. The weighted-average stock price of stock options at exercise dates for the three months ended March 31, 2022 and 2021 was 202.70 (in dollars) and 206.18 (in dollars), respectively.

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

| | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|---|
| Issue date approved | Expiry date | 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 | 5 | $ 100 | 21 | $ 100 | 26 | $ 100 |
| 2018.05.15 | 2024.05.14 | 1,588 | 448 | 1,617 | 448 | 1,599 | 448 |
| 2021.11.03 | 2027.11.02 | 2,630 | 50.8 | 2,630 | 50.8 | - | - |

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 | 32.73 | 4-5 | - | 0.605~ 0.719 | $ 41.55~ 45.10 |
| Restricted stocks to employee | 2016.07.20 | $ 139.00 | $ 10 | - | - | - | 0.52 | $ 111.65 |
| Employee stock options | 2018.05.15 | $ 440.00 | $ 448 | 26.10~ 30.25 | 5.75 | - | 0.5636~ 0.6814 | $ 63.16~ 106.15 |
| Restricted stocks to employee | 2019.09.30 | $ 282.00 | $ 10 | - | 0.25 | - | - | $ 272 |
| Employee stock options | 2021.7.31 | $ 25.25 | $ 20 | 22.95 | 0.13 | - | 0.11 | $ 5.25 |
| Employee stock options | 2021.11.03 | $ 50.80 | $ 50.80 | 43.63~ 47.84 | 5.00 | - | 0.41~ 0.44 | $ 18.94~ 19.37 |

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 months ended March 31, 2022 | Three months ended March 31, 2021 |
|---|---|---|
| Equity-settled | $ 5,435 | $ 6,494 |

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.

(20) Share capital

A. As of March 31, 2022, the Company's authorised capital was $3,000,000, and the paid-in capital was $1,182,608, 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)

| | 2022 | 2021 |
|---|---|---|
| | Unrestricted shares | Unrestricted shares |
| At January 1 | 118,245 | 118,220 |
| Employee stock options exercised | 16 | - |
| At March 31 | 118,261 | 118,220 |

B. Treasury shares

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

| Name of company holding the shares | Reason for reacquisition | March 31, 2022 Number of shares | March 31, 2022 Carrying amount |
|---|---|---|---|
| To be reissued to employees | | 532,000 | $ 118,787 |

| Name of company holding the shares | Reason for reacquisition | December 31, 2021 Number of shares | December 31, 2021 Carrying amount |
|---|---|---|---|
| The Company | To be reissued to employees | 532,000 | $ 118,787 |

| Name of company holding the shares | Reason for reacquisition | March 31, 2021 Number of shares | March 31, 2021 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 March 31, 2022, all the repurchased shares have been retired.

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 March 31, 2022, 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.

(21) 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.

(22) 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.

In accordance with Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable.

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 according to 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 July 7, 2021, the shareholders at the shareholders' meeting 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. On March 22, 2022, the Board of Directors of the Company approved the distribution of dividends from the 2021 earnings in the amount of $1,050,014, with cash dividends of $8.88 (in dollars) per share.

(23) Other equity items

| | 2022 | | |
|---|---|---|---|
| | Unrealised gains (losses) on valuation | Currency translation | Total |
| At January 1 | $ 982 | ($ 283,329) | ($ 282,347) |
| Currency translation differences | - | 178,098 | 178,098 |
| Valuation adjustments | ( 94) | - | ( 94) |
| At March 31 | $ 888 | ($ 105,231) | ($ 104,343) |

| | 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 | - | ( 37,449) | - | ( 37,449) |
| Compensation cost of share–based payments | - | - | 3,092 | 3,092 |
| At March 31 | ($ 11,576) | ($ 270,573) | ($ 9,277) | ($ 291,426) |

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 months ended March 31, 2022 and 2021 are all $0.

(24) Operating revenue

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Revenue from contracts with customers | $ 1,638,546 | $ 1,945,930 |
| Others–rent revenue | 19,439 | - |
| | $ 1,657,985 | $ 1,945,930 |

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 months ended March 31, 2022 | Europe and America region | Asia Pacific region | Total |
|---|---|---|---|
| Segment revenue | $ 837,394 | $ 1,736,485 | $ 2,573,879 |
| Inter-segment revenue | ( 285,176) | ( 650,157) | ( 935,333) |
| Revenue from external customer contracts | $ 552,218 | $ 1,086,328 | $ 1,638,546 |

| Three months ended March 31, 2021 | Europe and America region | Asia Pacific region | Total |
|---|---|---|---|
| Segment revenue | $ 627,090 | $ 2,198,385 | $ 2,825,475 |
| Inter-segment revenue | ( 259,470) | ( 620,075) | ( 879,545) |
| Revenue from external customer contracts | $ 367,620 | $ 1,578,310 | $ 1,945,930 |

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

B. Contract assets and liabilities

As of March 31, 2022, December 31, 2021, March 31, 2021 and January 1,2021, the Group has not recognized any revenue-related contract assets, while the Group has recognized contract liabilities below:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 | January 1, 2021 |
|---|---|---|---|---|
| Contract liabilities – advance sales receipts | $ 379,131 | $ 491,139 | $ 607,186 | $ 653,708 |

(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:

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | | |
| Advance sales receipts | $ 225,275 | $ 442,160 |

(25) Interest income

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest income from bank deposits (Note) | $ 19,922 | $ 18,567 |

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

(26) Other income

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Other income - others | $ 4,590 | $ 5,620 |

(27) Other gains and losses

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Gains on disposal of property, plant and equipment | $ 484 | $ 3 |
| Gains (losses) on disposal of investments | 1,384 | ( 1,900) |
| Gains arising from lease modifications | 153 | - |
| Foreign exchange gains (losses) | 53,217 | ( 9,085) |
| (Losses) gains on financial assets at fair value through profit or loss | ( 2,918) | 38,389 |
| Losses on fianancial liabilities at fair value through profit or loss | ( 6,578) | - |
| Miscellaneous disbursements | ( 135) | ( 10) |
| | $ 45,607 | $ 27,397 |

(28) Finance costs

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest expense | | |
| Bank borrowings | $ 5,977 | $ 3,230 |
| Interest from lease liabilities | 721 | 347 |
| Convertible bonds | - | 723 |
| | $ 6,698 | $ 4,300 |

(29) Expenses by nature

| | Three months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Employee benefit expense | $ 326,692 | $ 321,184 |
| Depreciation charges on property, plant and equipment | 134,904 | 92,086 |
| Depreciation charges on investment property | 8 | - |
| Operating lease payments | 9,534 | 11,150 |
| Amortisation charges on intangible assets | 1,976 | 2,962 |
| | $ 473,114 | $ 427,382 |

(30) Employee benefit expense

| | Three months ended March 31, 2022 | Three months ended March 31, 2021 |
|---|---|---|
| Wages and salaries | $ 271,562 | $ 276,730 |
| Employee stock options (Note) | 5,435 | 6,494 |
| Labour and health insurance fees | 26,150 | 17,919 |
| Pension costs | 12,802 | 9,332 |
| Other personnel expenses | 10,743 | 10,709 |
| | $ 326,692 | $ 321,184 |

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 months ended March 31, 2022 and 2021, employees' compensation was accrued at $29,993 and $46,018, respectively; while directors' and supervisors' remuneration was accrued at $1,050 and $1,050, 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 three months ended March 31, 2022.

Employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors were $117,518 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.

(31) Income tax

A. Income tax expense

Components of income tax expense:

| | Three months periods ended March 31, 2022 | 2021 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the period | $ 47,686 | $ 54,912 |
| Prior year income tax under(over)estimation | 9,071 | ( 4,912) |
| Total current tax | 56,757 | 50,000 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 941) | 40,812 |
| Total deferred tax | ( 941) | 40,812 |
| Income tax expense | $ 55,816 | $ 90,812 |

B. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

| | Three months period ended March 31, 2022 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to the parent | $ 154,940 | 117,713 | $ 1.32 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 154,940 | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 671 | |
| Employee stock options | - | 15 | |
| Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 154,940 | 118,399 | $ 1.31 |

| | Three months period ended March 31, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to the parent | $ 381,034 | 117,218 | $ 3.25 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 381,034 | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 327 | 1,440 | |
| Employee stock options | - | 19 | |
| Employees' compensation | - | 743 | |
| Restricted stocks | - | 214 | |
| Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 381,361 | 119,634 | $ 3.19 |

(33) Business combinations

A. On April 16, 2021, the Group acquired common shares of 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:

| | | July 12, 2021 |
|---|---|---|
| Fair value of equity interest in Maxigen Biotech Inc. held before the business combination | $ | 655,730 |
| Fair value of non-controlling interest | | 674,699 |
| | $ | 1,330,429 |
| 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 | ( | 8,583) |
| Total identifiable net assets | | 903,302 |
| Goodwill | $ | 427,127 |

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 for the three-month period ended March 31, 2021 would show operating revenue of $2,056,939 and profit before income tax of $499,989.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

| | Three months period ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Purchase of property, plant and equipment | $ 20,625 | $ 12,051 |
| Add: Opening balance of payable on equipment | 56,199 | 29,873 |
| Less: Ending balance of payable on equipment | ( 30,121) | ( 22,567) |
| Cash paid during the period | $ 46,703 | $ 19,357 |

B. Financing activities with no cash flow effects

| | Three months period ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Convertible bonds being converted to capital stocks | $ - | $ 200 |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|---|---|
| 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:

| | Three month periods ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Sales of goods: | | |
| Other related parties | $ 768 | $ 557 |
| Associates | - | 14 |
| | $ 768 | $ 571 |

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

B. Purchases:

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Purchase and processing fees: | | |
| Other related parties | $ 2,800 | $ 2,634 |

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

| | Three month pe |
|---|---|
| | 2022 |
| Rent income: | |
| Associates | $ 29 |

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

D. Receivables from related parties:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Accounts receivable: | | | |
| Other related parties | $ 1,146 | $ 853 | $ 723 |
| Associates | 2,173 | 2,173 | - |
| | 3,319 | 3,026 | 723 |
| Other receivables: | | | |
| Associates | - | - | 90 |
| | $ 3,319 | $ 3,026 | $ 813 |

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:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Accounts payable: | | | |
| Other related parties | $ 3,246 | $ 7,362 | $ 2,012 |

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 months ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | $ 25,488 | $ 18,967 |
| Share-based payments | 2,436 | 4,849 |
| | $ 27,924 | $ 23,816 |

8. PLEDGED ASSETS

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

| | Book value | | | |
|---|---|---|---|---|
| Pledged asset | March 31, 2022 | December 31, 2021 | March 31, 2021 | Purpose |
| Property, plant and equipment | $ 1,976,446 | $ 1,995,750 | $ 1,814,427 | Short-term and long-term borrowings |
| Current financial assets at amortised cost | 500 | 500 | 59,501 | Short-term borrowings and contract security deposit account for government grants and performance guarantee |
| Non-current financial assets at amortised cost | 805,914 | 774,683 | - | Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds |
| Other non-current assets | - | - | 1,000 | Contract security deposit |
| | $ 2,782,860 | $ 2,770,933 | $ 1,874,928 | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(3) (1) Contingencies

None.

(4) (2) Commitments

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Property, plant and equipment | $ 192,029 | $ 270,478 | $ 303,448 |

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's total unused letters of credit was $16,801, $8,124 and $26,894, respectively.

C. As of March 31, 2022, 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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Financial assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Financial assets mandatorily measured at fair value through profit or loss - current | $ 117,086 | $ 131,266 | $ 91,963 |
| Financial assets mandatorily measured at fair value through profit or loss- non- current | $ - | $ - | $ 152,227 |
| Financial assets at fair value through other comprehensive income | | | |
| Designation of equity instrument | $ 48,801 | $ 48,895 | $ 25,848 |
| Financial assets at amortised cost/Loans and receivables | | | |
| Cash and cash equivalents | $ 4,634,047 | $ 4,704,397 | $ 4,041,797 |
| Financial assets at amortised cost- current | 707,731 | 682,472 | 945,301 |
| Financial assets at amortised cost- non-current | 805,914 | 774,684 | - |
| Notes receivable | 54,851 | 61,663 | 5,914 |
| Accounts receivable | 885,466 | 947,234 | 712,288 |
| Accounts receivable - related parties | 3,319 | 3,026 | 723 |
| Other receivables | - | 49,894 | 72,294 |
| Other receivables-related parties | - | - | 90 |
| Guarantee deposits paid | 44,244 | 44,526 | 37,900 |
| Other financial assets | - | - | 1,000 |
| | $ 7,135,572 | $ 6,493,302 | $ 5,817,307 |

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Financial liabilities | | | |
| Financial liabilities designated at fair value through profit or loss | $ 6,578 | $ - | $ - |
| Financial liabilities at amortised cost | | | |
| Short-term borrowings | $ 1,456,776 | $ 1,448,238 | $ 860,426 |
| Notes payable | 21,536 | 2,984 | 1,944 |
| Accounts payable | 761,200 | 857,019 | 819,624 |
| Accounts payable - related parties | 3,246 | 7,362 | 2,012 |
| Other accounts payable | 1,931,217 | 1,007,686 | 870,549 |
| Corporate bonds payable (including current portion) | - | - | 434,791 |
| Long-term borrowings (including current portion) | 883,250 | 967,510 | 523,680 |
| | $ 5,057,225 | $ 4,290,799 | $ 3,513,026 |
| Lease liability | $ 53,598 | $ 74,830 | $ 76,701 |

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) | | March 31, 2022 | | |
| --- | --- | --- | --- | --- |
| | | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| Financial assets | | | | |
| Monetary items | | | | |
| USD:NTD | USD | 35,856 | 28.6250 | $ 1,026,378 |
| RMB:NTD | RMB | 285,519 | 4.5060 | 1,286,549 |
| EUR:NTD | EUR | 1,106 | 31.9200 | 35,304 |
| JPY:NTD | JPY | 168,884 | 0.2353 | 39,738 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| JPY:NTD | JPY | 510,650 | 0.2353 | $ 120,156 |
| RMB:NTD | RMB | 41,401 | 4.5060 | 186,553 |
| USD:NTD | USD | 3,623 | 28.6250 | 103,708 |
| EUR:NTD | EUR | 2,663 | 31.9200 | 85,003 |

| (Foreign currency: functional currency) | | December 31, 2021 | | |
| --- | --- | --- | --- | --- |
| | | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| Financial assets | | | | |
| Monetary items | | | | |
| USD:NTD | USD | 28,341 | 27.6800 | $ 784,479 |
| RMB:NTD | RMB | 241,173 | 4.3440 | 1,047,656 |
| EUR:NTD | EUR | 773 | 32.3200 | 24,210 |
| JPY:NTD | JPY | 179,032 | 0.2405 | 43,057 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| JPY:NTD | JPY | 736,479 | 0.2405 | $ 177,123 |
| RMB:NTD | RMB | 37,549 | 4.3440 | 163,113 |
| USD:NTD | USD | 1,712 | 27.6800 | 47,388 |
| EUR:NTD | EUR | 2,380 | 31.3200 | 74,542 |

| (Foreign currency: functional currency) | | December 31, 2021 Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
|---|---|---|---|---|
| Financial assets | | | | |
| Monetary items | | | | |
| USD:NTD | USD | 16,898 | 28.5350 | $ 482,184 |
| RMB:NTD | RMB | 56,589 | 4.3440 | 245,823 |
| JPY:NTD | JPY | 376,455 | 0.2577 | 97,012 |
| EUR:NTD | EUR | 2,600 | 33.4800 | 87,048 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD:NTD | USD | 7,622 | 28.5350 | $ 217,494 |
| RMB:NTD | RMB | 38,918 | 4.3440 | 169,060 |
| JPY:NTD | JPY | 531,283 | 0.2577 | 136,912 |
| EUR:NTD | EUR | 1,241 | 33.4800 | 41,549 |

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 periods ended March 31, 2022 and 2021, amounted to $53,217 and ($9,085), respectively.

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

| | Three-month period ended March 31, 2022 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| (Foreign currency: functional currency) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 10,264 | $ - |
| RMB:NTD | " | 12,865 | - |
| EUR:NTD | " | 353 | - |
| JPY:NTD | " | 397 | - |
| Financial liabilities | | | |
| Monetary items | | | |
| JPY:NTD | 1% | $ 1,202 | $ - |
| RMB:NTD | " | 1,866 | - |
| USD:NTD | " | 1,037 | - |
| EUR:NTD | " | 850 | - |

| | Three-month period ended March 31, 2021 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| (Foreign currency: functional currency) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | " | $ 4,822 | - |
| RMB:NTD | 1% | 2,458 | $ - |
| JPY:NTD | " | 970 | - |
| EUR:NTD | " | 870 | - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | " | $ 2,175 | - |
| RMB:NTD | 1% | 1,691 | $ - |
| JPY:NTD | " | 1,369 | - |
| EUR:NTD | " | 415 | - |

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 three-month periods ended March 31, 2022 and 2021 would have increased/decreased by $1,171 and $2,442, 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 $488 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 three-month periods ended March 31, 2022 and 2021, 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 three-month periods ended March 31, 2022 and 2021 would have increased/decreased by $468 and $1,107, 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 March 31, 2022, December 31, 2021 and March 31, 2021, the loss rate methodology is as follows:

| At March 31, 2022 | Group A | Group B | Group C | Group D | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0%~0.23% | 0%~20.23% | 0%~100% | 100.00% | |
| Total book value | $ 745,982 | $ 163,359 | $ 58,509 | $ - | $ 967,850 |
| Loss allowance | $ 203 | $ 10,674 | $ 16,656 | $ - | $ 27,533 |

| At December 31, 2021 | Group A | Group B | Group C | Group D | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0%~0.23% | 0%~20.23% | 0%~100% | 100.00% | |
| Total book value | $ 848,045 | $ 140,547 | $ 47,838 | $ - | $ 1,036,430 |
| Loss allowance | $ 536 | $ 13,363 | $ 13,634 | $ - | $ 27,533 |

| | Group A | Group B | Group C | Group D | Total |
|---|---|---|---|---|---|
| At March 31, 2021 | | | | | |
| 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 |

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

| | 2022 | |
|---|---|---|
| | Accounts receivable | Notes receivable |
| At January 1 | $ 27,533 | $ - |
| Provision for impairment | - | - |
| At March 31 | $ 27,533 | $ - |

| | 2021 | |
|---|---|---|
| | Accounts receivable | Notes receivable |
| At January 1 | $ 34,192 | $ - |
| Effect of foreign exchange | - | - |
| At March 31 | $ 34,192 | $ - |

(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 March 31, 2022, December 31, 2021 and March 31, 2021, the Group has undrawn borrowing facilities of $8,434,488 and $9,498,070, 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:

| March 31, 2022 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
|---|---|---|---|
| Short-term borrowings | $ 1,456,776 | $ - | $ - |
| Notes payable | 21,536 | - | - |
| Accounts payable (including related parties) | 764,446 | - | - |
| Other payables | 1,931,217 | - | - |
| Lease liability | 27,183 | 15,544 | 10,871 |
| Guarantee deposits received | - | 11,716 | - |
| Long-term borrowings (including current portion) | - | 245,740 | 637,510 |

Non-derivative financial liabilities:

| December 31, 2021 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
|---|---|---|---|
| Short-term borrowings | $ 1,448,238 | $ - | $ - |
| Notes payable | 2,985 | - | - |
| Accounts payable (including related parties) | 864,381 | - | - |
| Other payables | 1,007,686 | - | - |
| Lease liability | 36,932 | 25,387 | 12,511 |
| Guarantee deposits received | - | 11,294 | - |
| Long-term borrowings (including current portion) | - | - | 967,510 |

Non-derivative financial liabilities:

| December 31, 2020 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
|---|---|---|---|
| Short-term borrowings | $ 860,426 | $ - | $ - |
| Notes payable | 1,944 | - | - |
| Accounts payable (including related parties) | 821,636 | - | - |
| Other payables | 870,549 | - | - |
| Lease liability | 30,056 | 25,415 | 23,210 |
| Guarantee deposits received | - | 112,944 | - |
| Long-term borrowings (including current portion) | - | 480,000 | 43,680 |
| 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:

| March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 117,086 | $ - | $ - | $ 117,086 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 2,757 | - | 46,044 | 48,801 |
| | $ 119,843 | $ - | $ 46,044 | $ 165,887 |
| Liabilities | | | | |
| Recurring fair value measurements | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivative financial instruments | $ 6,578 | $ - | $ - | $ 6,578 |

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 131,266 | $ - | $ - | $ 131,266 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 2,851 | - | 46,044 | 48,895 |
| | $ 134,117 | $ - | $ 46,044 | $ 180,161 |

| March 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 244,190 | $ - | $ - | $ 244,190 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 1,196 | - | 24,652 | 25,848 |
| | $ 245,386 | $ - | $ 24,652 | $ 270,038 |

(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:

| | Listed shares |
|---|---|
| Market quoted price | 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 three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the three-month periods ended March 31, 2022 and 2021, no Level 3 financial instrument was changed.

F. For the three-month periods ended March 31, 2022 and 2021, 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 March 31, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 46,044 | Discounted cash flow | Long-term revenue growth rate | 15% | The higher the long-term revenue growth rate, the higher the fair value; |
| | | | Weighted average cost of capital | 8.68% | the higher the discount rate, the lower the fair value. |

| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 46,044 | Discounted cash flow | Long-term revenue growth rate | 15% | The higher the long-term revenue growth rate, the higher the fair value; |
| | | | Weighted average cost of capital | 8.68% | the higher the discount rate, the lower the fair value. |

| | Fair value at March 31, 2021 | 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; |
| | | | Weighted average cost of capital | 9.41% | the higher the discount rate, the lower the fair value. |

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:

| | | | March 31, 2022 | | | |
|---|---|---|---|---|---|---|
| | | | 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% | $ - | $ - | $ 2,302 | $ 2,302 |

| | | | December 31, 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% | $ - | $ - | $ 2,302 | $ 2,302 |

| | | | 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 |

(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 was no significant impact on the Group's operation and business for the three-month period ended March 31, 2022.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or

20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

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:

| | Taiwan | Asia | America | Other | Adjustment and reversal | Total |
|---|---|---|---|---|---|---|
| Three-month period ended March 31, 2022 | | | | | | |
| Revenue from external customers | $ 694,188 | $ 666,182 | $ 273,985 | $ 23,630 | $ - | $ 1,657,985 |
| Revenue from internal customers | 707,047 | 144,567 | 83,719 | - | ( 935,333) | - |
| Segment revenue | $ 1,401,235 | $ 810,749 | $ 357,704 | $ 23,630 | ($ 935,333) | $ 1,657,985 |
| Segment income | $ 265,003 | $ 23,789 | ($ 17,973) | ($ 21,039) | ($ 70,188) | $ 179,592 |
| Segment income / loss, including: | | | | | | |
| Depreciation and amortisation | $ 108,893 | $ 23,364 | $ 5,681 | $ - | ($ 1,050) | $ 136,888 |
| Interest income | 2,771 | 17,151 | - | - | - | 19,922 |
| Interest expense | 6,304 | 394 | - | - | - | 6,698 |
| Income tax expense | 63,902 | ( 8,581) | 495 | - | - | 55,816 |
| Investment profit or loss which is adopting equity method | 6,241 | 8,060 | ( 20,523) | ( 17,281) | 23,459 | ( 44) |
| Segment total assets | $ 18,492,481 | $ 11,925,825 | $ 995,600 | $ 240,779 | ($ 16,967,491) | $ 14,687,194 |
| Segment assets including: | | | | | | |
| Investment which is adopting equity method | $ 5,167,524 | $ 1,176,732 | $ 183,266 | $ 180,734 | ($ 6,705,904) | $ 2,352 |
| Capital expenditure of non-current asset | 149,288 | 6,862 | 1,774 | - | - | 157,924 |
| Segment total liabilities | $ 5,867,112 | $ 5,006,569 | $ 807,637 | $ 71,385 | ($ 5,625,934) | $ 6,126,769 |

| | Taiwan | Asia | America | Other | Adjustment and reversal | Total |
|---|---|---|---|---|---|---|
| Three-month period ended March 31, 2021 | | | | | | |
| Revenue from external customers | $ 411,006 | $ 1,230,457 | $ 304,454 | $ 13 | $ - | $ 1,945,930 |
| Revenue from internal customers | 824,306 | 55,239 | - | - | ( 879,545) | - |
| Segment revenue | $ 1,235,312 | $ 1,285,696 | $ 304,454 | $ 13 | ($ 879,545) | $ 1,945,930 |
| Segment income | $ 438,694 | $ 230,710 | ($ 4,058) | ($ 2,231) | ($ 279,321) | $ 383,794 |
| Segment income / loss, including: | | | | | | |
| Depreciation and amortisation | $ 71,777 | $ 23,005 | $ 266 | $ - | $ - | $ 95,048 |
| Interest income | 54 | 18,513 | - | - | - | 18,567 |
| Interest expense | 4,068 | 232 | - | - | - | 4,300 |
| Income tax expense | 77,064 | 13,748 | - | - | - | 90,812 |
| Investment profit or loss which is adopting equity method | 83,953 | 76,989 | - | - | ( 161,325) | ( 383) |
| Segment total assets | $ 15,597,966 | $ 12,076,227 | $ 269,251 | $ 3,385 | ($ 15,234,967) | $ 12,711,862 |
| Segment assets including: | | | | | | |
| Investment which is adopting equity method | $ 4,936,072 | $ 2,659,167 | $ - | $ - | ($ 7,593,722) | $ 1,517 |
| Capital expenditure of non-current asset | 148,861 | 9,256 | - | - | - | 158,117 |
| Segment total liabilities | $ 4,063,649 | $ 1,129,516 | $ 261,077 | $ 6,647 | ($ 691,825) | $ 4,769,064 |

For the three-month periods ended March 31, 2022 and 2021, sales to Europe and America of reporting department-Taiwan amounted to $196,986 and $63,153, respectively, and sales to Europe and America of reporting department-Asia and others amounted to $355,232 and $304,467, 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 three-month periods ended March 31, 2022 and 2021.

TCI CO., LTD. AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2022

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 three months ended March 31, 2022 (Note 3) | Balance at March 31, 2022 | 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 | $ 510,600 | $ 510,600 | $ - | 4.35% | 2 | $ - | For operating capital | $ - | None | $ - | $ 573,685 | $ 573,685 | 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 | - | 659,012 | 659,012 | 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 three months ended March 31, 2022. The amount is calculated at the closing rate of RMB$1:NTD$4.5060, 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

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

Three months ended March 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of March 31, 2022 Number of shares | Book value | Ownership (%) | Fair value | Footnote |
|---|---|---|---|---|---|---|---|---|
| TCI CO., LTD. | BILLION ELECTRIC CO., LTD. | None | Financial assets at fair value through other comprehensive income - non-current | 125,039 | $ 2,757 | 0.13 | $ 2,757 | |
| 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 | 26,987 | 9.26 | 26,987 | |
| 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 | 228,000 | 18,685 | 19.00 | 18,685 | |
| TCI CO., LTD. | NIPPI INC | None | Financial assets at fair value through profit or loss - current | 70,900 | 58,207 | 2.44 | 58,207 | |
| TCI CO., LTD. | SYNGEN BIOTECH CO., LTD. | None | Financial assets at fair value through profit or loss - current | 48,000 | 5,784 | 0.55 | 5,784 | |
| TCI CO., LTD. | GENMONT BIOTECH CO., LTD. | None | Financial assets at fair value through profit or loss - current | 2,078,000 | 51,950 | 2.41 | 51,950 | |
| TCI CO., LTD. | NuVasive INC. | None | Financial assets at fair value through profit or loss - current | 700 | 1,145 | 0.00 | 1,145 | |

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

Three months ended March 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | Transaction | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote |
| TCI CO., LTD. | SHANGHAI BIOTRADE CO., LTD. | Subsidiary | (Sales) | 190,071 | ( 16.10) | 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. | $ 168,744 | 14.59 | |
| TCI CO., LTD. | SHANGHAI BIOFUNCTION CO., LTD. | Subsidiary | (Sales) | 282,232 | ( 23.90) | 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. | 115,661 | 10.00 | |
| TCI CO., LTD. | TCI BIOTECH LLC | Subsidiary | (Sales) | 164,027 | ( 13.89) | 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. | 3,908 | 0.34 | |

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

March 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at March 31, 2022 | | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Amount | Action taken | | |
| TCI CO., LTD. | SHANGHAI BIOTRADE CO., LTD. | Subsidiary | Accounts receivable | $ 168,744 | 1.25 | - | - | $ 168,744 | $ - |
| TCI CO., LTD. | SHANGHAI BIOFUNCTION CO., LTD. | Subsidiary | Accounts receivable | 115,661 | 3.45 | - | - | 115,661 | - |

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

Three months ended March 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction: General ledger account | Transaction: Amount | Transaction: Transaction terms | Transaction: Percentage of consolidated total operating revenues or total assets (Note 3) |
|---|---|---|---|---|---|---|---|
| 0 | TCI CO., LTD. | SHANGHAI BIOTRADE CO., LTD. | 1 | Sales of goods | $ 190,071 | The prices and terms of sales and purchases are available to third parties. | 11.46 |
| 0 | TCI CO., LTD. | SHANGHAI BIOTRADE CO., LTD. | 1 | Accounts receivable | 168,744 | The prices and terms of sales and purchases are available to third parties. | 1.15 |
| 0 | TCI CO., LTD. | SHANGHAI BIOFUNCTION CO., LTD. | 1 | Sales of goods | 282,232 | The prices and terms of sales and purchases are available to third parties. | 17.02 |
| 0 | TCI CO., LTD. | SHANGHAI BIOFUNCTION CO., LTD. | 1 | Accounts receivable | 115,661 | The prices and terms of sales and purchases are available to third parties. | 0.79 |
| 0 | TCI CO., LTD. | TCI BIOTECH LLC | 1 | Sales of goods | 164,027 | The prices and terms of sales and purchases are available to third parties. | 9.89 |
| 0 | TCI CO., LTD. | TCI BIOTECH LLC | 1 | Accounts receivable | 3,908 | The prices and terms of sales and purchases are available to third parties. | 0.03 |

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

Three months ended March 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at March 31, 2022 | | | Net profit (loss) of the investee for the three months ended March 31, 2022 | Investment income(loss) recognised by the Company for the three months ended March 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 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 | $ 3,573,878 | $ 277,108 | $ 277,108 | None |
| TCI CO., LTD. | GENE & NEXT INC. | Taiwan | Research and development of biotechnology and genetics | 64,250 | 64,250 | 11,296,692 | 52.64 | 210,956 | 20,520 | 10,803 | None |
| TCI CO., LTD. | TCI HK LIMITED | Hong Kong | Trading health foods and cosmetics | 21,046 | 21,046 | - | 100.00 | 8,395 | 3,547 | 3,547 | None |
| TCI CO., LTD. | TCI BIOTECH LLC | U.S.A. | Trading health foods and cosmetics | 8,778 | 8,778 | - | 3.85 | 7,229 | ( 17,972) | ( 826) | None |
| TCI CO., LTD. | BIOCOSME CO., LTD. | Taiwan | Trading health foods and cosmetics | 5,000 | 5,000 | 500,000 | 100.00 | 5,007 | - | - | None |
| TCI CO., LTD. | TCI JAPAN CO., LTD. | JAPAN | Trading health foods and cosmetics | 15,626 | 15,626 | 5,500 | 100.00 | 17,112 | ( 1,291) | ( 1,291) | None |
| GENE & NEXT INC. | GLUX HK LIMITED | Hong Kong | Trading health foods and cosmetics | 29,542 | 29,542 | - | 100.00 | 443 | - | - | None |
| GENE & NEXT INC. | TCI LIVING CO., LTD. | Taiwan | Trading health foods and cosmetics | 43,175 | 43,175 | 2,760,000 | 79.31 | 43,441 | 1,037 | 822 | None |
| TCI LIVING CO., LTD. | SBI GROUP HK LIMITED | Hong Kong | Trading health foods and cosmetics | 5,847 | 5,847 | - | 100.00 | 3,803 | - | - | None |
| TCI CO., LTD. | PT TCI BIOTEK INDO | Indonesia | Trading health foods and cosmetics | - | - | - | 100.00 | 78 | ( 1) | ( 1) | Note 3 |
| TCI CO., LTD. | TCI BIOTECH NETHERLANDS B.V. | Netherlands | Trading health foods and cosmetics | 3,367 | 3,367 | 6,592,950 | 100.00 | ( 38,194) | ( 21,039) | ( 21,039) | 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 | 2,352 | ( 232) | ( 44) | None |
| TCI CO., LTD. | QUANTUM BIOLOGY INC. | Taiwan | Research and development of biotechnology | 30,000 | 30,000 | 3,000,000 | 100.00 | 6,622 | ( 1,432) | ( 1,432) | None |
| TCI CO., LTD. | MAXIGEN BIOTECH INC. | Taiwan | Wholesale of cosmetics and research and development, producing and sales of biologicals | 480,478 | 480,478 | 17,579,881 | 22.83 | 651,468 | 20,547 | 4,691 | None |
| TCI CO., LTD. | PETFOOD BIOTECHNOLOGY CO., LTD. | Taiwan | Producing and sales of pet supplies | 180,000 | 180,000 | 18,000 | 60.00 | 18,000 | - | - | None |
| MAXIGEN BIOTECH INC. | HORAY INC. | Taiwan | Trading of cosmetics and beauty care products | 5,000 | 5,000 | 500 | 100.00 | 8,655 | 159 | 159 | None |
| MAXIGEN BIOTECH INC. | Maxigen Biotech International Investment Corporation Limited | Samoa | Reinvestment business | 72,276 | 72,276 | 2,230 | 100.00 | 11 | - | - | 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 March 31, 2022’ 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 three months ended March 31, 2022’ 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 three months ended March 31, 2022’ 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 March 31, 2022.

TCI CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2022

Table 7

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, 2022 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2022 | | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022 | Net income of investee as of March 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the three months ended March 31, 2022 | Book value of investments in Mainland China as of March 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| SHANGHAI BIOTRADE CO., LTD. | Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing | $ 14,117 | Note 3 | $ 15,440 | $ - | $ - | $ 15,440 | $ 7,109 | 100.00 | $ 7,109 | $ 2,587,052 | $ 289,047 | Note 5 Note 6 |
| SHANGHAI BIOSCIENCE CO., LTD. | Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing | 26,064 | Note 2 | - | - | - | - | 8,600 | 100.00 | 8,600 | 2,196,729 | - | Note 5 Note 6 |
| SHANGHAI BIOCOSME CO., LTD. | Producing cosmetics | 143,352 | Note 2 | - | - | - | - | ( 3,987) | 100.00 | ( 3,987) | 159,192 | - | Note 5 Note 6 |
| SHANGHAI BIOFUNCTION CO., LTD. | Producing health foods | 1,131,425 | Note 1 | 438,307 | - | - | 438,307 | 12,740 | 100.00 | 12,740 | 1,912,283 | 942,055 | Note 5 Note 6 |
| SHANGHAI BIOFUNCTION CO., LTD. | Producing health foods | 1,131,425 | Note 1 | 438,307 | - | - | 438,307 | 12,740 | 100.00 | 12,740 | 1,912,283 | 942,055 | Note 5 Note 6 |
| SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD. | Research and development of biotechnology and genetics | 43,440 | Note 4 | - | - | - | - | - | - | - | - | - | Note 5 Note 6 |
| TCI LIVING SHANGHAI CO., LTD. | Trading health foods and cosmetics | 2,768 | Note 3 | - | - | - | - | ( 463) | 100.00 | ( 463) | 46,506 | - | Note 5 Note 6 |
| Hekang Biotech Shanghai Co., Ltd. | Trading of cosmetics and beauty care products | 1,800 | Note 3 | - | - | - | - | ( 914) | 41.75 | ( 382) | 4,575 | - | Note 5 Note 6 |
| | | | | 58,193 | - | - | 58,193 | ( 4,196) | 100.00 | ( 4,196) | ( 9,200) | - | |

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 March 31, 2022 | 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 | $ 692,000 | $ 5,136,255 |
| TCI FIRSTEK CORP. | - | 15,440 | 2,212,934 |
| MAXIGEN BIOTECH INC. | 58,193 | 70,990 | 699,398 |
| TCI LIVING CO., LTD. | 8,500 | 30,448 | 31,754 |

Note 6：The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB$1：NTD$4.5060, USD$1：NTD$28.6250; income presents at RMB$1：NTD$4.4100, USD$1：NTD$28.0212;

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

Three months ended March 31, 2022

Table 8

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 | | | | Others |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Balance at March 31, 2022 | % | Balance at March 31, 2022 | Purpose | Maximum balance during the three months ended March 31, 2022 | Balance at March 31, 2022 | Interest rate | Interest during the three months ended March 31, 2022 | |
| SHANGHAI BIOFUNCTION CO., LTD. | $ 164,027 | - | $ - | - | $ 3,908 | - | $ - | - | $ - | $ - | - | $ - | |
| SHANGHAI BIOTRADE CO., LTD. | 282,232 | 13.89 | - | - | 115,661 | 0.34 | - | - | - | - | - | - | |
| Maxigen Biotech Shanghai Co., Ltd. | - | - | - | - | 12,017 | 10.72 | - | - | - | - | - | - | |

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

March 31, 2022

Table 9

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