

**TCI CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 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' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basic for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

### **Existence and occurrence of top ten customers**

#### Description

The Group's sales revenue arises mainly from manufacturing and sales of health foods and cosmetics. Customers are mostly direct marketing companies in Europe and Asia and cosmetic companies.

With the expansion of direct marketing companies in America, Europe and Asia, the sales revenue arising from such transactions has become a major operating item of the Group. And the sales revenue from top ten customers represents a significant portion of operating income to the consolidated financial statements. Because of the rapid development in the internet sales market, more time and resources were required in performing the audit procedures. Thus, we consider the existence and occurrence of top ten customers as a key audit matter.

Please refer to Note 4(31) for accounting policies on revenue recognition and Note 6(23) for details of sales revenue.

#### How our audit addressed the matter

Our audit procedures in respect of the above key audit matter included:

1. Understanding and testing the internal control procedures of the top ten customers and testing the effectiveness of internal control related to sales revenue.
2. Selecting samples from sales transactions of the top ten customers and comparing against orders and delivery bills to confirm whether the sales transactions did occur.
3. Examining sales returns and discounts from the top ten customers after the balance sheet date to confirm the existence of sales revenue.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of TCI CO., LTD. as at and for the years ended December 31, 2022 and 2021.

***Other matter – Restatement of financial statements for the comparative periods***

As described in Note 6(32), TCI CO., LTD. obtained control over Maxigen Biotech Inc. on July 12, 2021 and the allocation of acquisition price was completed in the second quarter of 2022. In addition, the financial statements for the comparative periods were retrospectively restated. Our opinion is not modified in respect of this matter.

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

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

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

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

***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

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

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

Hsu, Ming-Chuan      Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2023

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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 auditor's 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  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 5,402,763	36	\$ 4,704,397	31
1110	Financial assets at fair value through profit or loss - current	6(2)	184,805	1	131,266	1
1136	Current financial assets at amortised cost	6(4) and 8	25,696	-	682,472	5
1150	Notes receivable, net	6(5)	42,778	-	61,663	-
1170	Accounts receivable, net	6(5)	974,639	7	947,234	6
1180	Accounts receivable - related parties	7	268	-	3,026	-
1200	Other receivables		47,616	-	49,983	-
1210	Other receivables - related parties		45	-	-	-
130X	Inventories	6(6)	1,169,199	8	877,372	6
1410	Prepayments	6(7)	181,133	1	280,697	2
1470	Other current assets		42,352	-	70,796	-
11XX	<b>Total current assets</b>		<u>8,071,294</u>	<u>53</u>	<u>7,808,906</u>	<u>51</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	48,410	1	48,895	1
1535	Non-current financial assets at amortised cost	6(4)	530,031	4	774,684	5
1550	Investments accounted for using equity method	6(8)	27,375	-	2,396	-
1600	Property, plant and equipment	6(9)	4,866,995	32	4,736,307	31
1755	Right-of-use assets	6(10)	199,663	1	100,984	1
1760	Investment property, net	6(11)	22,063	-	22,094	-
1780	Intangible assets	6(12)	741,180	5	799,311	5
1840	Deferred income tax assets	6(31)	26,627	-	33,668	-
1900	Other non-current assets	6(13) and 8	574,319	4	868,608	6
15XX	<b>Total non-current assets</b>		<u>7,036,663</u>	<u>47</u>	<u>7,386,947</u>	<u>49</u>
1XXX	<b>Total assets</b>		<u>\$ 15,107,957</u>	<u>100</u>	<u>\$ 15,195,853</u>	<u>100</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)	\$ 1,146,320	8	\$ 1,448,238	9
2130	Current contract liabilities	6(24)	454,107	3	491,139	3
2150	Notes payable		595	-	2,985	-
2170	Accounts payable		729,866	5	857,019	6
2180	Accounts payable - related parties	7	895	-	7,362	-
2200	Other payables	6(15)	691,132	5	1,007,686	7
2220	Other payables - related parties		1	-	8	-
2230	Current income tax liabilities	6(31)	619,366	4	496,580	3
2280	Current lease liabilities		63,559	-	36,932	-
2320	Long-term liabilities, current portion	6(18)	650,000	4	-	-
2399	Other current liabilities, others		135,226	1	98,602	1
21XX	<b>Total current liabilities</b>		<u>4,491,067</u>	<u>30</u>	<u>4,446,551</u>	<u>29</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(18)	317,510	2	967,510	7
2570	Deferred income tax liabilities	6(31)	97,625	-	109,545	1
2580	Non-current lease liabilities		111,306	1	37,898	-
2600	Other non-current liabilities		11,425	-	11,902	-
25XX	<b>Total non-current liabilities</b>		<u>537,866</u>	<u>3</u>	<u>1,126,855</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>5,028,933</u>	<u>33</u>	<u>5,573,406</u>	<u>37</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital - common stock	6(20)	1,182,608	8	1,182,449	8
Capital surplus						
3200	Capital surplus	6(21)	2,887,265	19	2,647,254	17
Retained earnings						
3310	Legal reserve	6(22)	899,210	6	744,681	5
3320	Special reserve		282,347	2	244,700	2
3350	Unappropriated retained earnings		3,170,008	21	3,698,477	24
Other equity interest						
3400	Other equity interest	6(23)	( 194,104)	( 1)	( 282,347)	( 2)
3500	Treasury shares	6(20)	( 118,787)	( 1)	( 118,787)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,108,547</u>	<u>54</u>	<u>8,116,427</u>	<u>53</u>
36XX	Non-controlling interest		<u>1,970,477</u>	<u>13</u>	<u>1,506,020</u>	<u>10</u>
3XXX	<b>Total equity</b>		<u>10,079,024</u>	<u>67</u>	<u>9,622,447</u>	<u>63</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 15,107,957</u>	<u>100</u>	<u>\$ 15,195,853</u>	<u>100</u>

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



**TCI CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(24)	\$ 7,432,514	100	\$ 8,580,103	100
5000 Operating costs	6(6)(17)(29)(30)	( 4,297,047)	( 58)	( 4,855,271)	( 57)
5900 Net operating margin		<u>3,135,467</u>	<u>42</u>	<u>3,724,832</u>	<u>43</u>
Operating expenses	6(6)(9)(10) and 12(2)				
6100 Selling expenses		( 731,303)	( 10)	( 840,033)	( 10)
6200 General and administrative expenses		( 672,150)	( 9)	( 589,206)	( 7)
6300 Research and development expenses		( 670,095)	( 9)	( 572,395)	( 6)
6450 Impairment (loss) profit determined in accordance with IFRS9		( 35,817)	-	6,659	-
6000 Total operating expenses		( 2,109,365)	( 28)	( 1,994,975)	( 23)
6900 Operating profit		<u>1,026,102</u>	<u>14</u>	<u>1,729,857</u>	<u>20</u>
Non-operating income and expenses					
7100 Interest income	6(25)	67,089	1	79,986	1
7010 Other income	6(26)	83,122	1	73,465	1
7020 Other gains and losses	6(27)	152,930	2	143,685	2
7050 Finance costs	6(28)	( 34,599)	( 1)	( 23,578)	-
7060 Share of (loss) profit of associates and joint ventures accounted for using equity method	6(8)	( 4,875)	-	6,036	-
7000 Total non-operating income and expenses		<u>263,667</u>	<u>3</u>	<u>279,594</u>	<u>4</u>
7900 Profit before income tax		1,289,769	17	2,009,451	24
7950 Income tax expense	6(31)	( 469,007)	( 6)	( 393,450)	( 5)
8200 Profit for the year		<u>\$ 820,762</u>	<u>11</u>	<u>\$ 1,616,001</u>	<u>19</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive (loss) income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plans	\$ 1,127	-	\$ 269	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	( 2,590)	-	17,880	-
<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	95,421	1	( 50,205)	( 1)
8300	<b>Total other comprehensive income (loss) for the year</b>	<u>\$ 93,958</u>	<u>1</u>	<u>(\$ 32,056)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 914,720</u>	<u>12</u>	<u>\$ 1,583,945</u>	<u>18</u>
Profit attributable to:					
8610	Owners of the parent	\$ 713,494	10	\$ 1,545,758	18
8620	Non-controlling interest	107,268	1	70,243	1
		<u>\$ 820,762</u>	<u>11</u>	<u>\$ 1,616,001</u>	<u>19</u>
Comprehensive income attributable to:					
8710	Owners of the parent	\$ 801,964	10	\$ 1,508,172	17
8720	Non-controlling interest	112,756	2	75,773	1
		<u>\$ 914,720</u>	<u>12</u>	<u>\$ 1,583,945</u>	<u>18</u>
Basic earnings per share (In dollars)					
9750	Basic earnings per share	<u>\$</u>	<u>6.06</u>	<u>\$</u>	<u>13.17</u>
9850	Diluted earnings per share	<u>\$</u>	<u>6.03</u>	<u>\$</u>	<u>13.09</u>

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

TCICO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Retained Earnings					Other equity interest						
Notes	Share capital - common stock	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 – unearned employee compensation	Treasury shares	Total	Non-controlling interest	Total equity	
<b>For the year ended December 31, 2021</b>													
		\$ 1,182,202	\$ 2,618,432	\$ 598,016	\$ 325,709	\$ 3,259,603	(\$ 233,124)	(\$ 11,576)	(\$ 12,369)	(\$ 226,857)	\$ 7,500,036	\$ 88,367	\$ 7,588,403
		-	-	-	-	1,545,758	-	-	-	1,545,758	70,243	1,616,001	
		-	-	-	-	61	( 50,205 )	12,558	-	( 37,586 )	5,530	( 32,056 )	
		-	-	-	-	1,545,819	( 50,205 )	12,558	-	1,508,172	75,773	1,583,945	
<b>Appropriations of 2020 earnings</b>													
		-	-	146,665	-	( 146,665 )	-	-	-	-	-	-	
		-	-	-	( 81,009 )	81,009	-	-	-	-	-	-	
		-	-	-	-	( 1,040,756 )	-	-	-	( 1,040,756 )	-	( 1,040,756 )	
		280	1,367	-	-	-	-	-	-	1,647	-	1,647	
		( 40 )	-	-	-	-	-	-	-	( 40 )	-	( 40 )	
		7	193	-	-	-	-	-	-	200	-	200	
		-	18,385	-	-	-	-	12,369	-	30,754	-	30,754	
		-	8,243	-	-	-	-	-	-	8,243	-	8,243	
		-	-	-	-	-	-	-	-	-	1,341,347	1,341,347	
		-	366	-	-	-	-	-	-	366	-	366	
		-	268	-	-	-	-	-	108,070	108,338	-	108,338	
		-	-	-	-	( 533 )	-	-	-	( 533 )	533	-	
		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	(\$ 118,787)	\$ 8,116,427	\$ 1,506,020	\$ 9,622,447	
<b>For the year ended December 31, 2022</b>													
		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	(\$ 118,787)	\$ 8,116,427	\$ 1,506,020	\$ 9,622,447	
		-	-	-	-	713,494	-	-	-	713,494	107,268	820,762	
		-	-	-	-	257	95,421	( 7,208 )	-	88,470	5,488	93,958	
		-	-	-	-	713,751	95,421	( 7,208 )	-	801,964	112,756	914,720	
<b>Appropriations of 2021 earnings</b>													
		-	-	154,529	-	( 154,529 )	-	-	-	-	-	-	
		-	-	-	37,647	( 37,647 )	-	-	-	-	-	-	
		-	-	-	-	( 1,050,014 )	-	-	-	( 1,050,014 )	-	( 1,050,014 )	
		159	709	-	-	-	-	-	-	868	-	868	
		-	5,030	-	-	-	-	-	-	5,030	-	5,030	
		-	14,266	-	-	-	-	-	-	14,266	-	14,266	
		-	204,044	-	-	-	-	-	-	204,044	( 204,044 )	-	
		-	15,962	-	-	-	-	-	-	15,962	-	15,962	
		-	-	-	-	-	-	-	-	-	577,500	577,500	
		-	-	-	-	-	-	-	-	-	( 21,755 )	( 21,755 )	
		-	-	-	-	( 30 )	-	30	-	-	-	-	
		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908)	(\$ 6,196)	(\$ 118,787)	\$ 8,108,547	\$ 1,970,477	\$ 10,079,024	

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

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,289,769	\$ 2,009,451
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(11)(29)	556,473	451,088
Amortisation	6(29)	70,970	12,045
Expected credit impairment loss (profit)	12(2)	35,817	( 6,659 )
Net gain on financial assets at fair value through profit or loss	6(2)(27)	( 14,598 )	( 37,552 )
Loss (gain) on disposal of property, plant and equipment	6(27)	( 6,786 )	5,060
Gain on disposal of investments	6(27)	( 2,532 )	( 116,877 )
Interest income	6(25)	( 67,089 )	( 79,986 )
Dividend income	6(26)	( 5,471 )	( 3,546 )
Interest expense	6(28)	34,599	23,578
Compensation cost arising from employee stock options	6(19)(30)	19,434	46,261
Gains arising from lease modifications	6(10)(27)	( 409 )	( 44 )
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	4,875	( 6,036 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		18,885	( 11,305 )
Accounts receivable		( 64,127 )	( 249,410 )
Accounts receivable - related parties		2,758	9,165
Other receivables		2,367	20,668
Other receivables - related parties		( 45 )	-
Inventories		( 291,827 )	( 138,527 )
Prepayments		95,527	( 93,715 )
Other current assets		28,444	( 30,177 )
Changes in operating liabilities			
Contract liabilities - current		( 37,032 )	( 169,676 )
Notes payable		( 2,390 )	1,041
Accounts payable		( 127,153 )	84,677
Accounts payable - related parties		( 6,467 )	( 4,947 )
Other payables		( 311,471 )	87,598
Other payables - related parties		( 7 )	8
Other current liabilities		36,624	41,003
Cash inflow generated from operations		1,259,138	1,843,186
Interest received		67,089	79,986
Dividends received		5,471	3,546
Interest paid		( 29,776 )	( 21,467 )
Income tax paid		( 346,286 )	( 326,328 )
Net cash flows from operating activities		<u>955,636</u>	<u>1,578,923</u>

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TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value through other comprehensive income		( \$ 10,000 )	( \$ 2,335 )
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(2)	9,970	-
Acquisition of property, plant and equipment		( 129,454 )	( 184,379 )
Proceeds from disposal of property, plant and equipment		25,855	10,384
(Increase) decrease in refundable deposits	6(13)	( 55 )	47
Acquisition of intangible assets		( 8,781 )	( 3,717 )
Decrease in other non-current assets		5,616	3,000
Acquisition of financial assets at fair value through profit or loss		( 153,566 )	( 124,789 )
Proceeds from disposal of financial assets at fair value through profit or loss		119,754	6,113
Decrease (increase) in financial assets at amortised cost		901,429	( 1,020,566 )
Increase in prepayments for purchase of equipment		( 264,033 )	( 508,955 )
Net cash outflow on acquisitions of subsidiaries	6(33)	-	( 162,109 )
Net cash inflow on disposals of subsidiaries		19,600	-
Increase in investment accounted for using equity method		( 27,800 )	-
Net cash flows from (used in) investing activities		<u>488,535</u>	<u>( 1,987,306 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		4,298,672	4,795,121
Repayments of short-term borrowings		( 4,600,590 )	( 4,423,217 )
Repayment of bonds		-	( 434,268 )
Proceeds from long-term borrowings		-	963,530
Lease liabilities paid	6(10)	( 59,702 )	( 39,693 )
(Increase) decrease in guarantee deposits		( 477 )	( 89 )
Cash dividends paid		( 1,050,014 )	( 1,040,756 )
Employee stock options exercised		868	1,647
Unvested redeemed stocks from restricted stocks to employees	6(20)	-	( 40 )
Payments due to disgorgement		-	366
Treasury stock transferred to employees		-	108,338
Pension actuarial gains and losses		1,127	-
Proceeds from capital increase of non-controlling interests		<u>577,500</u>	<u>307,290</u>
Net cash flows (used in) from financing activities		<u>( 832,616 )</u>	<u>238,229</u>
Effects due to changes in exchange rate		<u>86,811</u>	<u>18,190</u>
Net increase (decrease) in cash and cash equivalents		698,366	( 151,964 )
Cash and cash equivalents at beginning of year	6(1)	<u>4,704,397</u>	<u>4,856,361</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 5,402,763</u>	<u>\$ 4,704,397</u>

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

TCI CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were reported to the Board of Directors on November 11, 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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

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

(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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (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 “IFRSs” requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

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



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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	41.94	52.64	Note 1
TCI CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	36.73	36.73	Note 1
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO., LTD.	Trading health foods for pets	60	60	Note 1 Note 4
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	Note 2
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	Note 2
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	Note 3
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	63.27	63.27	Note 1
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	Note 2
TCI LIVING CO., LTD.	BIO DYNAMIC LABORATORIES INC.	Trading health foods and cosmetics	100	100	Note 3 Note 7
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	0	0	Note 3
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	Note 1 Note 8
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	Note 1
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	Note 3 Note 5
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	Note 1 Note 6
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	3.85	5.66	Note 1
TCI BIOTECH LLC	TCI BIOTECH USA LLC	Trading health foods and cosmetics	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	Trading health foods and cosmetics	96.15	94.34	Note 1
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	0	100	Note 9 Note 10
Maxigen Biotech Inc.	HORAY INC.	Trading of cosmetics and package materials	100	100	Note 9
Maxigen Biotech Inc.	Maxigen Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	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 December 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(33).

Note 10: The liquidation of the company was completed on August 10, 2022

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 \$2,503,833 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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

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

Name of subsidiary	Principal place of business	Non-controlling interests			
		December 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 583,714	58.06%	\$ 132,723	47.36%
MAXIGEN BIOTECH INC.	Taiwan	1,380,293	77.17%	992,846	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.

Note 3: The Group's subsidiary, GENE & NEXT INC., raised additional capital amounting to \$577,500 by issuing 5,000 thousand common shares through private placement at an issuance price of \$115.5 (in dollars) per share with the effective date set on May 25, 2022. The Group's non-controlling interest increased by \$577,500.

Summarised financial information of the subsidiaries:

Balance sheets

	GENE & NEXT INC.	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,076,053	\$ 486,275
Non-current assets	87,276	74,038
Current liabilities	( 143,169)	( 162,380)
Non-current liabilities	-	( 55)
Total net assets	\$ 1,020,160	\$ 397,878

	<u>MAXIGEN BIOTECH INC.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 993,246	\$ 783,553
Non-current assets	454,477	481,631
Current liabilities	( 151,500)	( 116,068)
Non-current liabilities	( 566)	( 7,398)
Total net assets	<u>\$ 1,295,657</u>	<u>\$ 1,141,718</u>

Statements of comprehensive income

	<u>GENE &amp; NEXT INC.</u>	
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 424,022	\$ 432,218
Profit before income tax	90,131	116,436
Income tax expense	( 15,794)	( 24,293)
Profit for the period	74,337	92,143
Other comprehensive income	10,497	15,949
Total comprehensive income for the period, net of tax	<u>\$ 84,834</u>	<u>\$ 108,092</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 38,462</u>	<u>\$ 36,184</u>
Dividends paid to non-controlling interest	<u>\$ 31,148</u>	<u>\$ -</u>

	<u>MAXIGEN BIOTECH INC.</u>	
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 604,431	\$ 511,976
Profit before income tax	165,780	97,466
Income tax benefit	( 26,376)	( 9,799)
Profit for the period	139,404	87,667
Other comprehensive income, net of tax	1,051	293
Total comprehensive income	<u>\$ 140,455</u>	<u>\$ 87,960</u>
Comprehensive income attributable to non- controlling interest	<u>\$ 74,335</u>	<u>\$ 34,148</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ 43,420</u>

## Statements of cash flows

		GENE & NEXT INC.	
		Years ended December 31,	
		2022	2021
Net cash provided by operating activities	\$	110,353	\$ 119,184
Net cash flows used in investing activities	(	39,995)	( 26,952)
Net cash provided by financing activities		535,725	54,611
Effect of exchange rate changes on cash and cash equivalents		468	1,778
Increase in cash and cash equivalents		606,551	148,621
Cash and cash equivalents at beginning of period		326,187	177,566
Cash and cash equivalents at end of period	\$	932,738	\$ 326,187
		MAXIGEN BIOTECH INC.	
		Years ended December 31,	
		2022	2021
Net cash provided by operating activities	\$	268,338	\$ 117,593
Net cash flows provided by (used in) investing activities		10,432	( 2,775)
Net cash (used in) provided by financing activities	(	1,051)	188,691
Effect of exchange rate changes on cash and cash equivalents	(	76)	34
Increase in cash and cash equivalents		277,643	303,543
Cash and cash equivalents at beginning of period		513,305	209,762
Cash and cash equivalents at end of period	\$	791,024	\$ 513,305

### (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 ~ 16 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) 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’.

(24) 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.

(25) 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.

(26) 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.

#### (27) 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'.

(28) 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.

(29) 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.

(30) 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 Article 240 of the amended Company Act and the Company's Articles of Incorporation.

(31) 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.

(32) 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.

(33) 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.

(34) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 13,107	\$ 7,619
Checking accounts and demand deposits	4,182,047	2,886,847
Time deposits	<u>1,763,336</u>	<u>3,267,087</u>
	5,958,490	6,161,553
Less: Shown as ‘current financial assets at amortised cost’	( 21,696)	( 681,972)
Less: Shown as ‘current financial assets at amortised cost - pledged’	( 4,000)	( 500)
Less: Shown as ‘non-current financial assets at amortised cost - pledged’	<u>( 530,031)</u>	<u>( 774,684)</u>
	<u>\$ 5,402,763</u>	<u>\$ 4,704,397</u>

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

B. As of December 31, 2022 and 2021, the Group recognised time deposits with maturity over 3 months of \$25,696 and \$682,472, respectively, and shown as ‘current financial assets at amortised cost’.

C. As of December 31, 2022 and 2021, the bank deposits amounting to \$530,031 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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 180,469	\$ 144,125
Valuation adjustment	<u>4,336</u>	<u>( 12,859)</u>
	<u>\$ 184,805</u>	<u>\$ 131,266</u>

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

	Years ended December 31,	
	2022	2021
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 14,598	\$ 37,552
Derivative financial instruments	-	-
Total	<u>\$ 14,598</u>	<u>\$ 37,552</u>

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

C. 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	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	\$ 12,604	\$ 12,604
Unlisted stocks	27,054	27,054
	<u>39,658</u>	<u>39,658</u>
Valuation adjustment	8,752	9,237
	<u>\$ 48,410</u>	<u>\$ 48,895</u>

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 \$48,410 and \$48,895 as at December 31, 2022 and 2021, respectively.

B. As of December 31, 2022 and 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 \$48,410 and \$48,895, respectively.

C. The Group's financial assets at fair value through other comprehensive income were not pledged 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	December 31, 2022	December 31, 2021
Current items:		
Time deposits	\$ 25,696	\$ 682,472
Non-current items :		
Restricted bank deposits	\$ 530,031	\$ 774,684

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

	Years ended December 31,	
	2022	2021
Interest income	\$ 9,771	\$ 11,299

B. As at December 31, 2022 and 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 \$555,727 and, \$1,457,156 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 deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 42,778	\$ 61,663
Less: Allowance for uncollectible accounts	-	-
	\$ 42,778	\$ 61,663
Accounts receivable	\$ 1,037,218	\$ 974,767
Less: Allowance for uncollectible accounts	( 62,579)	( 27,533)
	\$ 974,639	\$ 947,234

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

	December 31, 2022	December 31, 2021
Not past due	\$ 689,823	\$ 847,509
Up to 30 days	134,236	67,318
31 to 90 days	130,557	62,889
Over 90 days	62,801	31,181
	\$ 1,017,417	\$ 1,008,897

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 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 \$42,778 and \$61,663; \$974,639 and \$947,234 respectively.

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

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 743,881	(\$ 22,872)	\$ 721,009
Work in progress	42,010	( 7)	42,003
Finished goods	425,914	( 19,727)	406,187
Inventory in transit	-	-	-
	<u>\$ 1,211,805</u>	<u>(\$ 42,606)</u>	<u>\$ 1,169,199</u>
	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	301,048	( 6,052)	294,996
Inventory in transit	5,565	-	5,565
	<u>\$ 920,621</u>	<u>(\$ 43,249)</u>	<u>\$ 877,372</u>

The cost of inventories recognised as expense for the years ended December 31, 2022 and 2021, was \$4,297,047 and \$4,855,271, respectively, including the amounts of \$9,278 and \$7,107 that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

(7) Prepayments

	December 31, 2022	December 31, 2021
Prepaid expenses	\$ 95,863	\$ 183,674
Prepayments to suppliers	17,343	34,678
Excess business tax paid (or Net Input VAT)	<u>67,927</u>	<u>62,345</u>
	<u>\$ 181,133</u>	<u>\$ 280,697</u>

(8) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 2,396	\$ 1,900
Increase in investments accounted for using equity method	33,434	543,818
Disposal of investments accounted for using equity method	( 3,580)	( 549,358)
Share of (loss) profit of investments accounted for using equity method	( 4,875)	6,036
At December 31	<u>\$ 27,375</u>	<u>\$ 2,396</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	<u>\$ 27,375</u>	<u>\$ 2,396</u>

Note: The Group has obtained control over the company on July 12, 2021, and the company was included in the consolidated financial statements. Details are provided in Note 6(33).

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Machinery for lease</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2022</u>								
Cost	\$ 937,190	\$2,371,606	\$1,944,240	\$ 35,982	\$ 514,966	\$ 442,600	\$ 18,793	\$ 6,265,377
Accumulated depreciation	-	( 325,272)	( 729,217)	( 23,768)	( 176,301)	( 274,512)	-	( 1,529,070)
	<u>\$ 937,190</u>	<u>\$2,046,334</u>	<u>\$1,215,023</u>	<u>\$ 12,214</u>	<u>\$ 338,665</u>	<u>\$ 168,088</u>	<u>\$ 18,793</u>	<u>\$ 4,736,307</u>
<u>2022</u>								
At January 1	\$ 937,190	\$2,046,334	\$1,215,023	\$ 12,214	\$ 338,665	\$ 168,088	\$ 18,793	\$ 4,736,307
Additions	-	13,557	38,152	-	19,143	14,584	4,101	89,537
Disposals	( 2,238)	( 7,898)	( 5,678)	-	( 779)	( 2,476)	-	( 19,069)
Transfers	27,210	43,307	311,993	-	140,763	16,323	( 1,293)	538,303
Depreciation charge	-	( 85,865)	( 271,828)	( 12,183)	( 75,060)	( 54,500)	-	( 499,436)
Net exchange differences	-	4,794	10,958	-	5,033	568	-	21,353
At December 31	<u>\$ 962,162</u>	<u>\$2,014,229</u>	<u>\$1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$ 142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>
<u>At December 31, 2022</u>								
Cost	\$ 962,162	\$2,426,176	\$2,293,253	\$ 35,982	\$ 672,628	\$ 416,789	\$ 21,601	\$ 6,828,591
Accumulated depreciation	-	( 411,947)	( 994,633)	( 35,951)	( 244,863)	( 274,202)	-	( 1,961,596)
	<u>\$ 962,162</u>	<u>\$2,014,229</u>	<u>\$1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$ 142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>



	Land	Buildings and structures	Machinery	Machinery for lease	Office equipment	Others	Unfinished construction	Total
<u>At January 1, 2021</u>								
Cost	\$ 663,801	\$ 2,060,416	\$ 1,340,350	\$ -	\$ 260,831	\$ 378,397	\$ -	\$ 4,703,795
Accumulated depreciation	-	( 198,313)	( 460,202)	-	( 100,457)	( 230,633)	-	( 989,605)
	<u>\$ 663,801</u>	<u>\$ 1,862,103</u>	<u>\$ 880,148</u>	<u>\$ -</u>	<u>\$ 160,374</u>	<u>\$ 147,764</u>	<u>\$ -</u>	<u>\$ 3,714,190</u>
<u>2021</u>								
At January 1	\$ 663,801	\$ 1,862,103	\$ 880,148	\$ -	\$ 160,374	\$ 147,764	\$ -	\$ 3,714,190
Additions	-	5,213	93,816	12,128	66,397	28,954	4,197	210,705
Disposals	-	-	( 10,751)	-	( 69)	( 4,624)	-	( 15,444)
Gain on business combination	133,225	251,377	41,103	-	6,445	4,299	25,010	461,459
Transfers	140,164	7,202	414,716	23,616	157,436	51,744	( 10,414)	784,464
Depreciation charge	-	( 77,008)	( 205,669)	( 23,528)	( 49,242)	( 58,281)	-	( 413,728)
Net exchange differences	-	( 2,553)	1,658	-	( 2,676)	( 1,768)	-	( 5,339)
At December 31	<u>\$ 937,190</u>	<u>\$ 2,046,334</u>	<u>\$ 1,215,021</u>	<u>\$ 12,216</u>	<u>\$ 338,665</u>	<u>\$ 168,088</u>	<u>\$ 18,793</u>	<u>\$ 4,736,307</u>
<u>At December 31, 2021</u>								
Cost	\$ 937,190	2,371,606	\$ 1,944,240	\$ 35,982	\$ 514,966	\$ 442,600	\$ 18,793	\$ 6,265,377
Accumulated depreciation	-	( 325,272)	( 729,217)	( 23,768)	( 176,301)	( 274,512)	-	( 1,529,070)
	<u>\$ 937,190</u>	<u>\$ 2,046,334</u>	<u>\$ 1,215,023</u>	<u>\$ 12,214</u>	<u>\$ 338,665</u>	<u>\$ 168,088</u>	<u>\$ 18,793</u>	<u>\$ 4,736,307</u>

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

(10) Leasing arrangements-lessee

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 27,549	\$ 27,829
Buildings	172,114	73,155
	<u>\$ 199,663</u>	<u>\$ 100,984</u>

	Years ended December 31,	
	2022	2021
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 692	\$ 680
Buildings	56,314	36,000
Transportation equipment (Business vehicles)	-	664
	<u>\$ 57,006</u>	<u>\$ 37,344</u>

C. In March 2013, the Group signed a land use right contract with Shanghai Municipal Planning, Land and Resources Administration for use of the land in Jinshan District, Shanghai City with a term of 50 years. All rentals had been paid on the contract date.

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use amounted to \$176,592 and \$19,141, respectively.

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

	Years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,823	\$ 2,211
Expense on short-term lease contracts	\$ 44,413	\$ 40,179
Expense on leases of low-value assets	\$ 2,603	\$ 4,230
Gain or loss on lease modification	\$ 409	\$ 44

For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases amounted to \$106,718 and \$84,102, respectively.

(11) Investment property

	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	( 668)	( 668)
	<u>\$ 21,190</u>	<u>\$ 904</u>	<u>\$ 22,094</u>
Opening net book amount as at January 1	\$ 21,190	\$ 904	\$ 22,094
Depreciation charge	-	( 31)	( 31)
Closing net book amount as at December 31	<u>\$ 21,190</u>	<u>\$ 873</u>	<u>\$ 22,063</u>
At December 31			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	( 699)	( 699)
	<u>\$ 21,190</u>	<u>\$ 873</u>	<u>\$ 22,063</u>

	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ -	\$ -	-
Acquired from business combinations	21,190	920	22,110
Depreciation charge	-	(16)	(16)
Closing net book amount as at December 31	<u>\$ 21,190</u>	<u>\$ 904</u>	<u>\$ 22,094</u>
At December 31			
Cost	\$ 21,190	\$ 920	\$ 22,110
Accumulated depreciation and impairment	-	(16)	(\$ 16)
	<u>\$ 21,190</u>	<u>\$ 904</u>	<u>\$ 22,094</u>

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

	Years ended December 31,	
	2022	2021
Rental income from investment property	<u>\$ 238</u>	<u>\$ 286</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 16</u>	<u>\$ 16</u>
Direct operating expenses not arising from the investment property that generated rental income during the year	<u>\$ 15</u>	<u>\$ -</u>

The fair value of the investment property held by the Group as at December 31, 2022 was \$22,839 and \$19,359, respectively, which was valued based on the average transaction price in local area, and was categorised as Level 3 in the fair value hierarchy.

(12) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relation</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>							
Cost	\$ 299,689	\$ 132,719	\$ 220,000	\$ 41,688	\$ 7,400	\$ 147,769	\$ 849,265
Accumulated amortisation	-	( 1,981)	-	( 27,247)	( 6,028)	( 14,698)	( 49,954)
	<u>\$ 299,689</u>	<u>\$ 130,738</u>	<u>\$ 220,000</u>	<u>\$ 14,441</u>	<u>\$ 1,372</u>	<u>\$ 133,071</u>	<u>\$ 799,311</u>
<u>2022</u>							
At January 1	\$ 299,689	\$ 130,738	\$ 220,000	\$ 14,441	\$ 1,372	\$ 133,071	\$ 799,311
Additions –							
acquired separately	-	-	-	8,681	-	100	8,781
Disposals - cost	-	-	-	-	-	-	-
Disposals - accumulated amortisation	-	-	-	-	-	-	-
Transfers	-	-	-	1,476	-	2,561	4,037
Amortisation charge	-	( 10,130)	( 33,000)	( 7,899)	( 260)	( 19,681)	( 70,970)
Net exchange differences	-	3	-	2	-	16	21
At December 31	<u>\$ 299,689</u>	<u>\$ 120,611</u>	<u>\$ 187,000</u>	<u>\$ 16,701</u>	<u>\$ 1,112</u>	<u>\$ 116,067</u>	<u>\$ 741,180</u>
<u>At December 31, 2022</u>							
Cost	\$ 299,689	\$ 132,722	\$ 220,000	\$ 34,985	\$ 7,400	\$ 143,836	\$ 838,632
Accumulated amortisation	-	( 12,111)	( 33,000)	( 18,284)	( 6,288)	( 27,769)	( 97,452)
	<u>\$ 299,689</u>	<u>\$ 120,611</u>	<u>\$ 187,000</u>	<u>\$ 16,701</u>	<u>\$ 1,112</u>	<u>\$ 116,067</u>	<u>\$ 741,180</u>
	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relation</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>							
Cost	\$ 1,468	\$ 4,860	\$ -	\$ 41,199	\$ 2,600	\$ 6,611	\$ 56,738
Accumulated amortisation	-	( 552)	-	( 28,571)	( 968)	( 4,408)	( 34,499)
	<u>\$ 1,468</u>	<u>\$ 4,308</u>	<u>\$ -</u>	<u>\$ 12,628</u>	<u>\$ 1,632</u>	<u>\$ 2,203</u>	<u>\$ 22,239</u>
<u>2021</u>							
At January 1	\$ 1,468	\$ 4,308	\$ -	\$ 12,628	\$ 1,632	\$ 2,203	\$ 22,239
Additions –							
acquired separately	-	-	-	4,896	-	178	5,074
Gain on business combination	298,221	127,000	220,000	780	-	133,000	779,001
Amortisation charge	-	( 569)	-	( 8,903)	( 260)	( 2,313)	( 12,045)
Transfers	-	-	-	5,043	-	-	5,043
Net exchange differences	-	( 1)	-	-	-	-	( 1)
At December 31	<u>\$ 299,689</u>	<u>\$ 130,738</u>	<u>\$ 220,000</u>	<u>\$ 14,444</u>	<u>\$ 1,372</u>	<u>\$ 133,068</u>	<u>\$ 799,311</u>
<u>At December 31, 2021</u>							
Cost	\$ 299,689	\$ 132,719	\$ 220,000	\$ 41,688	\$ 7,400	\$ 147,769	\$ 849,265
Accumulated amortisation	-	( 1,981)	-	( 27,247)	( 6,028)	( 14,698)	( 49,954)
	<u>\$ 299,689</u>	<u>\$ 130,738</u>	<u>\$ 220,000</u>	<u>\$ 14,441</u>	<u>\$ 1,372</u>	<u>\$ 133,071</u>	<u>\$ 799,311</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2022	2021
Overhead	\$ 1,678	\$ 717
Selling expenses	13,563	2,621
Administrative expenses	6,117	7,864
Research and development expenses	49,612	843
	<u>\$ 70,970</u>	<u>\$ 12,045</u>

(13) Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for construction business facilities	\$ 520,734	\$ 810,554
Guarantee deposits paid	44,581	44,526
Net defined benefit asset	3,993	2,901
Other non-current assets	5,011	10,627
	<u>\$ 574,319</u>	<u>\$ 868,608</u>

(14) Short-term borrowings

Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>1,146,320</u>	1.185%~2.30%	None
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>1,448,238</u>	0.52%~3.33%	None

Interest expense recognised in profit or loss amounted to \$29,665 and \$13,755 for the years ended December 31, 2022 and 2021, respectively.

(15) Other payables

	December 31, 2022	December 31, 2021
Employee bonus payable	\$ 215,824	\$ 315,997
Salaries and bonuses payable	207,654	225,138
Payable on machinery and equipment	16,282	56,199
Tax payables	22,193	34,918
Other payables	229,179	375,434
	<u>\$ 691,132</u>	<u>\$ 1,007,686</u>

(16) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ -	\$ -
Less: Discount on bonds payable	-	-
	-	-
Less: Current portion or exercise of put options	-	-
	<u>\$ -</u>	<u>\$ -</u>

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

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

- (a) The Company issued \$1,200,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (June 8, 2018 ~ June 8, 2021) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 8, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.
- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1.015075% of the face value as interests upon two years from the issue date.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. 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) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 127)	(\$ 2,715)
Fair value of plan assets	<u>4,120</u>	<u>5,616</u>
Net defined benefit liability	<u>\$ 3,993</u>	<u>\$ 2,901</u>

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 2,715)	\$ 5,616	\$ 2,901
Interest (expense) income	1,583	( 1,619)	( 36)
	( 1,132)	3,997	2,865
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	427	427
Change in financial assumptions	184	-	184
Experience adjustments	516	-	516
	700	427	1,127
Pension fund contribution	-	1	1
Paid pension	305	( 305)	-
At December 31	(\$ 127)	\$ 4,120	\$ 3,993
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 2,898)	\$ 5,516	\$ 2,618
Interest (expense) income	( 15)	28	13
	( 2,913)	5,544	2,631
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	71	71
Change in demographic assumptions	( 58)	-	( 58)
Change in financial assumptions	97	-	97
Experience adjustments	159	-	159
	198	71	269
Pension fund contribution	-	1	1
At December 31	(\$ 2,715)	\$ 5,616	\$ 2,901



- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 21, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31, 2022	
	2022	2021
Discount rate	1.50%	0.75%
Future salary increases	2.00%	2.00%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 4)	\$ 4	\$ 4	(\$ 4)
	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 94)	\$ 98	\$ 95	(\$ 92)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$1.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 13 years.

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

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$54,443 and \$45,355, 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 years ended December 31, 2022 and 2021, were both 16%. Other than the monthly contributions, the Group has no further obligations.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020, to January 5, 2028; interest is repayable monthly.	1.603%~1.625%	None	\$ 967,510
Less:Current portion				( 650,000)
				<u>\$ 317,510</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
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 years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Issuance date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2016.07.01	2,000	6 years	Employees with 2 service years are entitled to 30% Employees with 3 service years are entitled to 60% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2016.07.20	600	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Operating revenue growth rate 30% (year) Maintaining profit rate after tax above 10% Earnings per share exceeds \$3.0 (including \$3.0)
Employee stock options	2018.05.15	2,000	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2019.09.30	900	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Profit rate before tax in the previous financial statements is no less than 20%
Employee stock options	2021.07.31	3143	Not applicable	Vested immediately

Type of arrangement	Issuance date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2021.11.03	2630	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%
Employee stock options	2022.08.03	770	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%

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:

	Years ended December 31,			
	2022		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 expired	( 5)	-	-	-
Options exercised	( 16)	100	( 28)	100
Options outstanding at the end of the year	<u>-</u>	<u>\$ 100</u>	<u>21</u>	<u>\$ 100</u>
Options exercisable at the end of the year	<u>-</u>	<u>\$ 100</u>	<u>21</u>	<u>\$ 100</u>

	Years ended December 31,			
	2022		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	( 124)	448	( 75)	448
Options outstanding at the end of the year	<u>1,493</u>	<u>\$ 448</u>	<u>1,617</u>	<u>\$ 448</u>
Options exercisable at the end of the year	<u>1,493</u>	<u>\$ 448</u>	<u>1,294</u>	<u>\$ 448</u>

	Years ended December 31,			
	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options expired	-	-	3,143	20
Options granted	-	-	( 146)	20
Options exercised	-	-	( 2,997)	20
Options outstanding at the end of the year	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Options exercisable at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Years ended December 31,			
	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,630	\$ 50.80	-	\$ -
Options granted	770	41.20	2,630	50.8
Options exercised	( 365)	48.70	-	-
Options outstanding at the end of the year	<u>3,035</u>	<u>\$ 48.62</u>	<u>2,630</u>	<u>50.8</u>
Options exercisable at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Issue date approved	Expiry date	December 31, 2022		December 31, 2021	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	-	\$ 100	21	\$ 100
2018.05.15	2024.05.14	1,493	448	1,617	448
2021.11.03	2027.11.02	2,345	50.8	2,630	50.8
2022.08.03	2028.08.03	690	41.2	-	-

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

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
Employee stock options	2022.08.03	\$ 41.20	\$ 41.20	45.89~ 48.46	5.00	-	1.00~ 1.03	\$ 15.11~ 16.98

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.

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

	Years ended December 31,	
	2022	2021
Equity-settled	\$ 19,434	\$ 46,261

F. 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 December 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
Conversion of corporate bonds	-	1
Employee stock options exercised	16	28
Restricted stocks to employee-stocks redeemed	-	(4)
At December 31	<u>118,261</u>	<u>118,245</u>

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	December 31, 2022	
		Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	\$ <u>118,787</u>

  

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

- (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 December 31, 2022, all the repurchased shares have been retired.
- D. To be reissued to employees, on March 23, 2020, the Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 3 million shares within 2 months from the reported date. Treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. As of December 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 June 29, 2022, the shareholders at the shareholders' meeting 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.

Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 982	(\$ 283,329)	(\$ 282,347)
Currency translation differences	-	95,264	95,264
Subsidiaries accounted for using equity method	3,336	157	3,493
Revaluation - gross	( 10,484)	-	( 10,484)
Revaluation transferred to retained earnings	( 30)	-	( 30)
At December 31	(\$ 6,196)	(\$ 187,908)	(\$ 194,104)

	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	-	( 50,205)	-	( 50,205)
Subsidiaries accounted for using equity method	5,916	-	-	5,916
Revaluation - gross	6,642	-	-	6,642
Compensation cost of share-based payments	-	-	12,369	12,369
At December 31	<u>\$ 982</u>	<u>(\$ 283,329)</u>	<u>\$ -</u>	<u>(\$ 282,347)</u>

(23) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	\$ 7,412,107	\$ 8,527,866
Others—rent revenue	20,407	52,237
	<u>\$ 7,432,514</u>	<u>\$ 8,580,103</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2022	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 4,106,784	\$ 7,271,953	\$ 11,378,737
Inter-segment revenue	( 1,658,881)	( 2,307,749)	( 3,966,630)
Revenue from external customer contracts	<u>\$ 2,447,903</u>	<u>\$ 4,964,204</u>	<u>\$ 7,412,107</u>
Year ended December 31, 2021	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 3,567,180	\$ 9,603,646	\$ 13,170,826
Inter-segment revenue	( 1,414,600)	( 3,228,360)	( 4,642,960)
Revenue from external customer contracts	<u>\$ 2,152,580</u>	<u>\$ 6,375,286</u>	<u>\$ 8,527,866</u>

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

## B. Contract assets and liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities			
– advance sales receipts	<u>\$ 454,107</u>	<u>\$ 491,139</u>	<u>\$ 653,708</u>

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

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 360,199</u>	<u>\$ 528,517</u>

### (24) Interest income

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits (Note)	<u>\$ 67,089</u>	<u>\$ 79,986</u>

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

### (25) Other income

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Dividend income	\$ 5,471	\$ 3,546
Other income - others	77,651	69,919
	<u>\$ 83,122</u>	<u>\$ 73,465</u>

(26) Other gains and losses

	Years ended December 31,	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ 6,786	(\$ 5,060)
Gains on disposal of investments	2,532	116,877
Gains arising from lease modifications	409	44
Foreign exchange gains (losses)	128,814	( 5,111)
Net gains on financial assets at fair value through profit or loss	14,598	37,552
Miscellaneous disbursements	( 209)	( 617)
	<u>\$ 152,930</u>	<u>\$ 143,685</u>

(27) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense		
Bank borrowings	\$ 29,776	\$ 13,775
Interest from lease liabilities	4,823	2,111
Convertible bonds	-	7,692
	<u>\$ 34,599</u>	<u>\$ 23,578</u>

(28) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 1,256,563	\$ 1,120,162
Depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets	556,442	451,072
Depreciation charges on investment property	31	16
Amortisation charges on intangible assets	70,970	12,045

(29) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 1,015,623	\$ 900,691
Employee stock options (Note)	19,434	46,261
Labour and health insurance fees	118,925	84,050
Pension costs	54,479	45,342
Other personnel expenses	48,102	43,818
	<u>\$ 1,256,563</u>	<u>\$ 1,120,162</u>

Note: It was equity-settled.

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

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$49,974 and \$117,518, respectively; while directors' and supervisors' remuneration was accrued at \$4,200 and \$4,200, 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 year ended December 31, 2022. The Board of Directors resolved that the actual distribution amount is \$49,974 and \$4,200, and the employees' compensation was distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2021 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.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 290,152	\$ 297,016
Tax on undistributed surplus earnings	16,791	37,061
Effect from investment tax credits	( 10,847)	( 26,659)
Prior year income tax under (over) estimation	( 53,172)	( 91,543)
Total current tax	<u>242,924</u>	<u>215,875</u>
Deferred tax:		
Origination and reversal of temporary differences	5,904	36,267
Prior year income tax underestimation	1,279	-
Remittance of earnings	<u>218,900</u>	<u>141,308</u>
Total deferred tax	<u>226,083</u>	<u>177,575</u>
Income tax expense	<u>\$ 469,007</u>	<u>\$ 393,450</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 214,628	\$ 410,487
Effect from items not recognised in accordance with tax regulation	41,954 (	85,683)
Use of unrecognized deferred tax assets in previous years	( 1,060)	-
Effect from investment tax credits	( 10,847)	( 26,659)
Tax on undistributed earnings	16,791	37,061
Prior year income tax overestimation	( 53,172)	( 91,543)
Change in assessment of realization of deferred tax assets	( 2,878)	-
Taxable loss not recognised as deferred tax assets	40,572	8,479
Remittance of earnings	218,900	141,308
Others	4,119	-
Income tax expense	<u>\$ 469,007</u>	<u>\$ 393,450</u>

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

	2022			
	January 1	Recognised in profit or loss	Business combination	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and decline in market value of inventories	\$ 6,562	(\$ 131)	\$ -	\$ 6,431
Unused vacation time bonus tax differences	-	203	-	203
Unrealised exchange loss	-	28	-	28
Unrealised gross profit	22,676	( 5,323)	-	17,353
Reclassify	4,430	( 1,818)	-	2,612
	<u>\$ 33,668</u>	<u>(\$ 7,041)</u>	<u>\$ -</u>	<u>\$ 26,627</u>
-Deferred tax liabilities:				
Pension tax differences	\$ -	(\$ 479)	\$ -	(\$ 479)
Unrealised exchange gain	( 5,183)	( 138)	-	( 5,321)
Reclassify	( 104,362)	12,536	-	( 91,826)
	<u>(\$ 109,545)</u>	<u>\$ 11,919</u>	<u>\$ -</u>	<u>(\$ 97,626)</u>
	<u>(\$ 75,877)</u>	<u>\$ 4,878</u>	<u>\$ -</u>	<u>(\$ 70,999)</u>
	2021			
	January 1	Recognised in profit or loss	Business combination	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and decline in market value of inventories	\$ 6,234	(\$ 517)	\$ 845	\$ 6,562
Unrealised exchange loss	638	( 638)	-	-
Unrealised gross profit	52,886	( 30,210)	-	22,676
Reclassify	4,379	-	-	4,379
Others	-	( 160)	211	51
	<u>64,137</u>	<u>( 31,525)</u>	<u>1,056</u>	<u>33,668</u>
-Deferred tax liabilities:				
Unrealised exchange gain	\$ -	(\$ 5,183)	\$ -	(\$ 5,183)
Reclassify	( 104,362)	-	-	( 104,362)
Others	( 441)	441	-	-
	<u>( 104,803)</u>	<u>( 4,742)</u>	<u>-</u>	<u>( 109,545)</u>
	<u>(\$ 40,666)</u>	<u>(\$ 36,267)</u>	<u>\$ 1,056</u>	<u>(\$ 75,877)</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	\$ 334,017	\$ 77,473

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

(31) Earnings per share

	<u>Year ended December 31, 2022</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 713,494	117,717	\$ 6.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 713,494		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	577	
Employee stock options	-	14	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 713,494</u>	<u>118,308</u>	<u>\$ 6.03</u>
	<u>Year ended December 31, 2021</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,545,758	117,374	\$ 13.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,545,758		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	705	
Employee stock options	-	16	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,545,758</u>	<u>118,095</u>	<u>\$ 13.09</u>



(32) 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:

	<u>July 12, 2021</u>
Fair value of equity interest in Maxigen Biotech Inc. held before the business combination	\$ 655,730
Fair value of non-controlling interest	<u>1,055,148</u>
	<u>\$ 1,710,878</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	208,885
Notes and accounts receivable	115,596
Other receivables	13,699
Inventories	89,601
Other current assets	65,402
Property, plant and equipment	586,633
Right-of-use assets	10,595
Investment property	22,110
Intangible assets	480,780
Other non-current assets	36,687
Notes and accounts payable	( 43,834)
Other payables	( 39,238)
Current tax liabilities	( 11,831)
Other current liabilities	( 9,483)
Other non-current liabilities	( 112,945)
Total identifiable net assets	<u>1,412,657</u>
Goodwill	<u>\$ 298,221</u>

- C. The net assets from the acquisition of Hekang Company have been appraised and adjusted, and the measurement amount on December 31, 2021 had been adjusted retrospectively. Accordingly, the Group decreased inventory by \$8,285 and increased property, plant and equipment, investment property, intangible assets, deferred tax assets, deferred tax liabilities and non-controlling interests by \$125,174, \$13,235, \$350,310, \$4,379, \$104,362 and \$380,451, respectively.
- 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 year ended December 31, 2022 would show operating revenue of \$8,812,186 and profit before income tax of \$2,057,276.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 89,537	\$ 210,705
Add: Opening balance of payable on equipment	56,199	29,873
Less: Ending balance of payable on equipment	(16,282)	(56,199)
Cash paid during the period	<u>\$ 129,454</u>	<u>\$ 184,379</u>

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2022	2021
Convertible bonds being converted to capital stocks	<u>\$ -</u>	<u>\$ 200</u>

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., SMY INTERNET OF PACKAGE CO., LTD.	Other related party Associate

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2022	2021
Sales of goods:		
Other related parties	\$ 4,607	\$ 6,186
Associates	-	1,359
	<u>\$ 4,607</u>	<u>\$ 7,545</u>

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

B. Purchases:

	Years ended December 31,	
	2022	2021
Purchase and processing fees:		
Other related parties	\$ 12,792	\$ 24,816
Associates	-	2,448
	<u>\$ 12,792</u>	<u>\$ 27,264</u>

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

C. Other income

	Years ended December 31,	
	2022	2021
Rent income:		
Associates	<u>\$ 77</u>	<u>\$ 186</u>

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

D. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related parties	\$ 268	\$ 853
Associates	-	2,173
	<u>268</u>	<u>3,026</u>
Other receivables:		
Associates	<u>\$ 45</u>	<u>\$ -</u>
	<u>\$ 313</u>	<u>\$ 3,026</u>

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

E. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Other related parties	\$ 895	\$ 7,362

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 93,824	\$ 134,466
Share-based payments	12,515	20,112
	<u>\$ 106,339</u>	<u>\$ 154,578</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Property, plant and equipment	\$ 1,923,743	\$ 1,995,750	Long-term borrowings
Current financial assets at amortised cost	4,000	500	Contract security deposit account for government grants and performance guarantee
Non-current financial assets at amortised cost	530,031	774,683	Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds
	<u>\$ 2,457,774</u>	<u>\$ 2,770,933</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 123,226	\$ 270,478

B. As of December 31, 2022 and 2021, the Group's total unused letters of credit was \$0 and \$8,124,

respectively.

C. As of December 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 \$0 and 8,124, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss - current	<u>\$ 184,805</u>	<u>\$ 131,266</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 48,410</u>	<u>\$ 48,895</u>
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 5,402,763	\$ 4,704,397
Financial assets at amortised cost-current	25,696	682,472
Financial assets at amortised cost-non-current	530,031	774,684
Notes receivable	42,778	61,663
Accounts receivable	974,639	947,234
Accounts receivable - related parties	268	3,026
Other receivables	47,616	49,894
Other receivables - related parties	45	-
Guarantee deposits paid	44,581	44,526
	<u>\$ 7,068,417</u>	<u>\$ 7,267,896</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,146,320	\$ 1,448,238
Notes payable	595	2,984
Accounts payable	729,866	857,019
Accounts payable - related parties	895	7,362
Other accounts payable	691,133	1,007,686
Long-term borrowings (including current portion)	<u>967,510</u>	<u>967,510</u>
	<u>\$ 3,536,319</u>	<u>\$ 4,290,799</u>
Lease liability	<u>\$ 174,865</u>	<u>\$ 74,830</u>

B. Financial risk management policies

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

instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

		December 31, 2022		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	44,147	30.71	\$ 1,355,754
RMB:NTD	RMB	251,267	4.408	1,107,585
EUR:NTD	EUR	4,847	32.72	158,594
JPY:NTD	JPY	417,466	0.2324	97,019
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	JPY	739,686	0.2324	\$ 171,903
RMB:NTD	RMB	33,593	4.408	148,078
USD:NTD	USD	2,854	30.71	87,646
EUR:NTD	EUR	2,495	32.72	81,636
		December 31, 2021		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
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
<u>Financial liabilities</u>				
<u>Monetary items</u>				
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

- 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 years ended December 31, 2022 and 2021, amounted to \$128,814 and (\$5,111), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2022		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 13,558	\$	-
RMB:NTD	"	11,076		-
EUR:NTD	"	1,586		-
JPY:NTD	"	970		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	1%	\$ 1,719	\$	-
RMB:NTD	"	1,481		-
USD:NTD	"	876		-
EUR:NTD	"	816		-
		Year ended December 31, 2021		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 7,845		-
RMB:NTD	"	10,477	\$	-
JPY:NTD	"	431		-
EUR:NTD	"	242		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 474		-
RMB:NTD	"	1,631	\$	-
JPY:NTD	"	1,771		-
EUR:NTD	"	745		-



### 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 years ended December 31, 2022 and 2021 would have increased/decreased by \$1,848 and \$1,312, 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 \$484 and \$489, 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 years ended December 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 years ended December 31, 2022 and 2021 would have increased/decreased by \$1,691 and \$1,933, 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 December 31, 2022 and 2021, the loss rate methodology is as follows:

<u>At December 31, 2022</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 690,282	\$ 265,993	\$ 110,565	\$ 13,156	\$ 1,079,996
Loss allowance	\$ 323	\$ 7,254	\$ 41,846	\$ 13,156	\$ 62,579

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2021</u>					
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

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

	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 27,533	\$ -
Provision for impairment	35,817	-
Write-offs	( 1,676)	-
Effect of foreign exchange	905	-
At December 31	<u>\$ 62,579</u>	<u>\$ -</u>
	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 34,192	\$ -
Reversal of impairment loss	( 6,659)	-
At December 31	<u>\$ 27,533</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. As of December 31, 2022 and 2021, the Group has undrawn borrowing facilities of \$7,581,429 and \$8,276,559, 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:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 1,146,320	\$ -	\$ -
Notes payable	595	-	-
Accounts payable (including related parties)	730,761	-	-
Other payables	691,133	-	-
Lease liability	63,559	40,488	70,818
Guarantee deposits received	-	11,406	-
Long-term borrowings (including current portion)	650,000	-	317,510

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of

financial and non-financial instruments have been defined as follows:

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

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

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

B. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 184,805	\$ -	\$ -	\$ 184,805
Financial assets at fair value through other comprehensive income				
Equity securities	4,184	-	44,226	48,410
	<u>\$ 188,989</u>	<u>\$ -</u>	<u>\$ 44,226</u>	<u>\$ 233,215</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 131,266	\$ -	\$ -	\$ 131,266
Financial assets at fair value through other comprehensive income				
Equity securities	2,851	-	46,044	48,895
	<u>\$ 134,117</u>	<u>\$ -</u>	<u>\$ 46,044</u>	<u>\$ 180,161</u>

(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 years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Non-derivative equity instrument	
	2022	2021
At January 1	\$ 46,044	\$ 24,652
Gain or loss recognized in other comprehensive income	( 1,818)	21,392
Acquired in the period	10,000	-
Sold in the period	( 10,000)	-
At December 31	\$ 44,226	\$ 46,044

F. 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.

G. 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 December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 44,226	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	2%  8.69%	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value.
	Fair value at December 31, 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 Weighted average cost of capital	2%  8.68%	The higher the long-term revenue growth rate, the higher the fair value; 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:

		December 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%	\$ -	\$ -	\$ 2,211	\$ (2,211)	
		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	

(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 year ended December 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: Table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: 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 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

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) Measurement of segment information

The Group's chief operating decision-maker evaluates the performances of the operating segments based on their net profit after tax.



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

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

	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Year ended</u>						
<u>December 31, 2022</u>						
Revenue from external customers	\$ 2,708,371	\$ 3,007,369	\$ 1,559,669	\$ 157,105	\$ -	\$ 7,432,514
Revenue from internal customers	<u>3,283,156</u>	<u>328,476</u>	<u>354,998</u>	<u>-</u>	<u>(3,966,630)</u>	<u>-</u>
Segment revenue	<u>\$ 5,991,527</u>	<u>\$ 3,335,845</u>	<u>\$ 1,914,667</u>	<u>\$ 157,105</u>	<u>(\$ 3,966,630)</u>	<u>\$ 7,432,514</u>
Segment (loss) income	<u>\$ 697,792</u>	<u>\$ 245,360</u>	<u>(\$ 141,218)</u>	<u>(\$ 178,765)</u>	<u>\$ 197,593</u>	<u>\$ 820,762</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 494,181	\$ 95,286	\$ 40,288	\$ 1,555	(\$ 3,867)	\$ 627,443
Interest income	<u>16,815</u>	<u>50,270</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>67,089</u>
Interest expense	<u>31,237</u>	<u>1,587</u>	<u>1,738</u>	<u>37</u>	<u>-</u>	<u>34,599</u>
Income tax expense	<u>476,406</u>	<u>2,843</u>	<u>527</u>	<u>-</u>	<u>(10,769)</u>	<u>469,007</u>
Investment profit or loss which is adopting equity method	<u>(238,060)</u>	<u>68,050</u>	<u>(151,206)</u>	<u>(135,788)</u>	<u>452,129</u>	<u>(4,875)</u>
Segment total assets	<u>\$ 16,277,603</u>	<u>\$ 8,487,136</u>	<u>\$ 1,373,407</u>	<u>\$ 253,909</u>	<u>(\$ 11,284,098)</u>	<u>\$ 15,107,957</u>
Segment assets including:						
Investment which is adopting equity method	\$ 4,414,935	\$ 1,239,168	\$ 63,539	\$ 73,130	(\$ 5,763,397)	\$ 27,375
Capital expenditure of non-current asset	<u>278,824</u>	<u>16,426</u>	<u>54,871</u>	<u>52,147</u>	<u>-</u>	<u>402,268</u>
Segment total liabilities	<u>\$ 4,264,702</u>	<u>\$ 1,518,413</u>	<u>\$ 1,297,354</u>	<u>\$ 233,344</u>	<u>(\$ 2,284,880)</u>	<u>\$ 5,028,933</u>

	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Year ended</u>						
<u>December 31, 2021</u>						
Revenue from external customers	\$ 2,452,179	\$ 4,539,301	\$ 1,526,924	\$ 61,699	\$ -	\$ 8,580,103
Revenue from internal customers	4,209,909	379,248	53,803	-	(4,642,960)	-
Segment revenue	<u>\$ 6,662,088</u>	<u>\$ 4,918,549</u>	<u>\$ 1,580,727</u>	<u>\$ 61,699</u>	<u>(\$ 4,642,960)</u>	<u>\$ 8,580,103</u>
Segment (loss) income	<u>\$ 1,956,745</u>	<u>\$ 978,859</u>	<u>(\$ 20,213)</u>	<u>(\$ 5,964)</u>	<u>(\$ 1,293,426)</u>	<u>\$ 1,616,001</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 361,768	\$ 94,884	\$ 6,481	\$ -	\$ -	\$ 463,133
Interest income	2,614	77,527	7	-	(162)	79,986
Interest expense	22,833	850	-	-	(105)	23,578
Income tax expense	336,545	62,161	-	-	(5,256)	393,450
Investment profit or loss which is adopting equity method	468,531	286,864	-	-	(749,359)	6,036
Segment total assets	<u>\$ 18,462,255</u>	<u>\$ 11,604,562</u>	<u>\$ 730,979</u>	<u>\$ 25,481</u>	<u>(\$ 15,627,424)</u>	<u>\$ 15,195,853</u>
Segment assets including:						
Investment which is adopting equity method	\$ 4,994,020	\$ 1,115,147	\$ -	\$ -	(\$ 6,106,771)	\$ 2,396
Capital expenditure of non-current asset	555,543	39,687	99,454	-	-	694,684
Segment total liabilities	<u>\$ 4,922,112</u>	<u>\$ 2,678,031</u>	<u>\$ 600,670</u>	<u>\$ 32,129</u>	<u>(\$ 2,659,536)</u>	<u>\$ 5,573,406</u>

For the years ended December 31, 2022 and 2021, sales to Europe and America of reporting department-Taiwan amounted to \$512,526 and \$502,355, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$1,935,376 and \$1,650,225, respectively.

(4) 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 years ended December 31, 2022 and 2021.

(5) Information on products

The Group operates business only in a single industry with business scope of healthy foods and beauty products; disclosure of financial information on industry is not applicable.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,708,371	\$ 5,405,453	\$ 2,452,179	\$ 5,906,470
Mainland China	3,003,715	712,391	4,539,301	774,384
Mainland China	1,559,669	268,545	1,526,924	104,136
Others	160,759	44,458	61,699	28,280
	<u>\$ 7,432,514</u>	<u>\$ 6,430,847</u>	<u>\$ 8,580,103</u>	<u>\$ 6,813,270</u>

Revenue is reported based on the countries in which the Group's subsidiaries are located.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Segment	Revenue	Segment
A	\$ 1,098,148	Asia	\$ 1,015,424	Asia
B	578,494	Asia	803,552	Asia
	<u>\$ 1,676,642</u>		<u>\$ 1,818,976</u>	

TCI CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 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 year ended December 31, 2022 (Note 3)	Balance at December 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	TCI BIOTECH LLC	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 24,568	\$ 24,568	\$ 17,572	2.00%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 27,268	\$ 27,268	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 year ended December 31, 2022. The amount is calculated at the closing rate of USD\$1:NTD\$30.7100, 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 20% 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 20% 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 20% of the subsidiary's net assets based on the latest financial statements.

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

TCI CO., LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements / guarantees to the party in Mainland China (Note 4)	Footnote
		Relationship with the endorser/ guarantor ( Note 2 )	Company name											
0	TCI CO., LTD.	TCI BIOTECH LLC	2	\$ 1,621,709	\$ 15,355	\$ 15,355	\$ 15,355	\$ -	0.20	\$ 4,054,274	Y	N	N	Note 3
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	1,621,709	138,195	138,195	138,195	-	1.76	4,054,274	Y	N	N	Note 3
0	TCI CO., LTD.	TCI LIVING CO., LTD	2	201,025	5,000	5,000	5,000	-	0.50	502,562	Y	N	N	Note 3

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

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 50% of Company's net assets based on the latest financial statements, and the guarantee to a single party shall not exceed 20% of the Company's net assets.

Note 4: The financial report is prepared in accordance with the International Financial Reporting Standards, and the term "net value" refers to the equity attributable to the owner of the parent company on the balance sheet stipulated in the Financial Reporting Standards of the securities issuer

TCI CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 4,183	0.13	\$ 4,183	
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	15,141	9.17	15,141	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	558,414	28,714	18.62	28,714	
TCI CO., LTD.	NIPPI INC.	None	Financial assets at fair value through profit or loss - current	75,200	60,206	2.60	60,206	
TCI CO., LTD.	NuVasive INC	None	Financial assets at fair value through profit or loss - current	700	887	0.00	887	
TCI CO., LTD.	SEIKAGAKU CORPORATION	None	Financial assets at fair value through profit or loss - current	78,500	16,401	0.14	16,401	
TCI CO., LTD.	LIFEVANTAGE	None	Financial assets at fair value through profit or loss - current	48,554	5,547	0.39	5,547	
TCI CO., LTD.	Abnova Holding Corporation	None	Financial assets at fair value through profit or loss - current	2,470,000	101,764	4.08	101,764	

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

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	(Sales)	507,358	( 6.83)	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.	\$ 1,076	0.09	
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	1,239,512	( 16.68)	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.	-	-	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,099,261	( 14.79)	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.	710,669	56.31	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	(Sales)	162,366	( 2.18)	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.	187,886	14.89	

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

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty		Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	\$ 710,669	0.63	-	-	\$ 710,669	\$ -
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	Accounts receivable	187,886	0.17	-	-	187,886	-

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  
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 507,358	The prices and terms of sales and purchases are available to third parties.	6.83
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	1,076	Payment for shipment within 180 days are received in advance	0.01
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	1,239,512	The prices and terms of sales and purchases are available to third parties.	16.68
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,099,261	The prices and terms of sales and purchases are available to third parties.	14.79
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	710,669	The prices and terms of sales and purchases are available to third parties.	4.70
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Sales of goods	162,366	The prices and terms of sales and purchases are available to third parties.	2.18
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Accounts receivable	187,886	The prices and terms of sales and purchases are available to third parties.	1.24

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

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	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	214,885,489	100.00	\$ 2,548,857	(\$ 118,555)	(\$ 118,555)	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	32,963	64,250	11,096,692	41.94	421,548	72,145	35,874	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	19,060	13,549	13,549	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	300	3.85	2,925	( 141,218)	( 5,567)	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,015	8	8	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	9,287	( 8,662)	( 8,662)	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	210,955	3,367	6,592,950	100.00	20,565	( 178,765)	( 178,765)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	15.39	4,175	( 1,201)	( 274)	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	7,696	( 608)	( 608)	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	480,478	19,337,869	22.83	671,312	139,404	21,993	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	180,000	180,000	1,800,000	60.00	9,706	( 13,824)	( 8,294)	None
TCI CO., LTD.	VEGAN JOY GLOBAL COMPANY LIMITED	Taiwan	Wholesale and retail of food, grocery and beverage	3,800	-	380,000	19.00	2,652	( 6,041)	( 1,148)	None
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	U.S.A	Trading health foods and cosmetics	207,588	138,375	7,500	96.15	73,127	( 141,218)	( 135,783)	None
TCI BIOTECH LLC	TCI BIOTECH LLC USA	U.S.A	Producing and manufacturing health foods and cosmetics	207,588	138,375	7,500	100.00	63,541	( 151,206)	( 151,206)	None
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	767	321	321	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	59,112	10,593	8,401	None
GENE & NEXT INC.	ASIA PATHOGENOMIC CO., LTD.	Taiwan	Wholesale of chemical industrial and medical devices	24,000	-	1,600,000	20.00	20,547	( 21,977)	( 3,453)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,168	( 898)	( 898)	None
MAXIGEN BIOTECH INC.	HORAY INC.	Taiwan	Trading of cosmetics and beauty care products	5,000	5,000	500,000	100.00	8,511	15	15	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss)	Investment	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	income(loss) recognised	
				December 31, 2022	December 31, 2021				year ended	by the Company for the	
								December 31, 2022	December 31, 2022		
MAXIGEN BIOTECH INC.	MAXIGEN BIOTECH INTERNATIONAL INVESTMENT CORPORATION LIMITED	Samoa	Reinvestment business	72,276	72,276	-	-	- (	11) (	11)	Note 4

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 December 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 year ended December 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 year ended December 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 December 31, 2021.

Note 4: The liquidation of the company was completed on August 10, 2022.

TCI CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 8

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 year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 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	\$ 67,971	100.00	\$ 67,917	\$ 2,579,026	\$ 1,383,547	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	26,064	Note 2	-	-	-	-	74,781	100.00	74,781	2,214,921	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	( 2,569)	( 2,569)	100.00	( 2,569)	157,163	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	109,471	100.00	109,471	1,967,096	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	-	476	100.00	476	45,865	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	8,916	Note 3	8,916	-	-	8,916	( 3,088)	79.31	( 2,449)	2,311	-	Note 5 Note 6
Hekang Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	USD\$1800	Note 3	58,193	-	-	58,193	2,355	100.00	( 11,463)	( 16,272)	-	Note 5 Note 6

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

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

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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	\$ 6,047,414
TCI FIRSTEK CORP.	15,440	15,440	1,556,475
MAXIGEN BIOTECH INC.	58,193	55,278	777,394
TCI LIVING CO., LTD.	8,916	31,484	43,609

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presented at RMB\$1 : NTD\$4.080, USD\$1 : NTD\$30.7100; income presented at RMB\$1 : NTD\$4.4218, USD\$1 : NTD\$29.8489;

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

Year ended December 31, 2022

Table 9

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			Interest during the year ended December 31, 2022	Others	
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate			
SHANGHAI BIOFUNCTION CO., LTD.	\$ 1,239,512	16.68	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
SHANGHAI BIOTRADE CO., LTD.	507,358	6.83	-	-	1,076	0.09	-	-	-	-	-	-	-	-

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

Year ended December 31, 2022

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership
DYDO GROUP HOLDINGS INC.	8,411,216	7.11%