

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2023 AND 2022

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Ming-Chuan Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

July 27, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review 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
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2023 and 2022 are reviewed, not audited)

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,295,454	36	\$ 5,402,763	36	\$ 4,532,623	30
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		133,155	1	184,805	1	123,118	1
1136	Current financial assets at	6(4) and 8						
	amortised cost		163,664	1	25,696	-	699,027	5
1150	Notes receivable, net	6(5)	36,007	-	42,778	-	48,636	-
1170	Accounts receivable, net	6(5)	917,737	6	974,639	7	1,201,033	8
1180	Accounts receivable - related	7						
	parties		8	-	268	-	207	-
1200	Other receivables		36,795	-	47,616	-	31,634	-
1210	Other receivables - related	7						
	parties		66	-	45	-	-	-
130X	Inventories	6(6)	1,046,697	7	1,169,199	8	1,083,589	7
1410	Prepayments	6(7)	254,927	2	181,133	1	303,654	2
1470	Other current assets		43,732	1	42,352	-	62,473	-
11XX	Total current assets		<u>7,928,242</u>	<u>54</u>	<u>8,071,294</u>	<u>53</u>	<u>8,085,994</u>	<u>53</u>
Non-current assets								
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		51,079	-	48,410	1	58,239	-
1535	Non-current financial assets at	6(4)						
	amortised cost		518,676	4	530,031	4	534,550	4
1550	Investments accounted for	6(8)						
	using equity method		23,858	-	27,375	-	28,566	-
1600	Property, plant and equipment	6(9)	4,716,052	32	4,866,995	32	4,801,373	32
1755	Right-of-use assets	6(10)	175,836	1	199,663	1	87,924	1
1760	Investment property, net	6(11)	-	-	22,063	-	22,079	-
1780	Intangible assets	6(12)	716,568	5	741,180	5	759,265	5
1840	Deferred income tax assets	6(30)	33,495	-	26,627	-	35,952	-
1900	Other non-current assets	6(13) and 8	625,791	4	574,319	4	714,231	5
15XX	Total non-current assets		<u>6,861,355</u>	<u>46</u>	<u>7,036,663</u>	<u>47</u>	<u>7,042,179</u>	<u>47</u>
1XXX	Total assets		<u>\$ 14,789,597</u>	<u>100</u>	<u>\$ 15,107,957</u>	<u>100</u>	<u>\$ 15,128,173</u>	<u>100</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(14)	\$ 970,000	7	\$ 1,146,320	8	\$ 800,000	5
2130	Current contract liabilities	6(23)	496,310	3	454,107	3	530,960	4
2150	Notes payable		584	-	595	-	13,073	-
2170	Accounts payable		779,367	5	729,866	5	773,157	5
2180	Accounts payable - related parties	7	1,066	-	895	-	2,715	-
2200	Other payables	6(15)	1,348,246	9	691,132	5	1,817,555	12
2220	Other payables - related parties		11	-	1	-	-	-
2230	Current income tax liabilities	6(30)	576,492	4	619,366	4	603,337	4
2280	Current lease liabilities		56,604	1	63,559	-	35,161	-
2320	Long-term liabilities, current portion	6(17)	320,000	2	650,000	4	330,000	2
2399	Other current liabilities, others		155,009	1	135,226	1	75,377	1
21XX	Total current liabilities		<u>4,703,689</u>	<u>32</u>	<u>4,491,067</u>	<u>30</u>	<u>4,981,335</u>	<u>33</u>
Non-current liabilities								
2540	Long-term borrowings	6(17)	640,156	4	317,510	2	637,510	4
2570	Deferred income tax liabilities	6(30)	87,500	-	97,625	-	105,298	1
2580	Non-current lease liabilities		96,557	1	111,306	1	25,638	-
2600	Other non-current liabilities		11,152	-	11,425	-	12,059	-
25XX	Total non-current liabilities		<u>835,365</u>	<u>5</u>	<u>537,866</u>	<u>3</u>	<u>780,505</u>	<u>5</u>
2XXX	Total liabilities		<u>5,539,054</u>	<u>37</u>	<u>5,028,933</u>	<u>33</u>	<u>5,761,840</u>	<u>38</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(19)	1,182,608	8	1,182,608	8	1,182,608	8
Capital surplus								
3200	Capital surplus	6(20)	2,891,981	20	2,887,265	19	2,881,720	18
Retained earnings								
3310	Legal reserve	6(21)	970,582	7	899,210	6	899,210	6
3320	Special reserve		194,104	1	282,347	2	282,347	2
3350	Unappropriated retained earnings		2,968,041	20	3,170,008	21	2,523,027	17
Other equity interest								
3400	Other equity interest	6(22)	(316,632)	(2)	(194,104)	(1)	(184,251)	(1)
3500	Treasury shares	6(19)	(233,077)	(2)	(118,787)	(1)	(118,787)	(1)
31XX	Equity attributable to owners of the parent		<u>7,657,607</u>	<u>52</u>	<u>8,108,547</u>	<u>54</u>	<u>7,465,874</u>	<u>49</u>
36XX	Non-controlling interest		<u>1,592,936</u>	<u>11</u>	<u>1,970,477</u>	<u>13</u>	<u>1,900,459</u>	<u>13</u>
3XXX	Total equity		<u>9,250,543</u>	<u>63</u>	<u>10,079,024</u>	<u>67</u>	<u>9,366,333</u>	<u>62</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 14,789,597</u>	<u>100</u>	<u>\$ 15,107,957</u>	<u>100</u>	<u>\$ 15,128,173</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
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amount)
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23)	\$ 1,969,083	100	\$ 1,850,723	100	\$ 3,841,940	100	\$ 3,508,708	100
5000 Operating costs	6(6)(16)(28)(29)	(1,194,256)	(60)	(1,141,950)	(62)	(2,358,726)	(61)	(2,131,091)	(61)
5900 Net operating margin		<u>774,827</u>	<u>40</u>	<u>708,773</u>	<u>38</u>	<u>1,483,214</u>	<u>39</u>	<u>1,377,617</u>	<u>39</u>
Operating expenses	6(9)(10)(11)(12)(28)(29)								
6100 Selling expenses		(190,530)	(10)	(169,706)	(9)	(366,383)	(10)	(355,006)	(10)
6200 General and administrative expenses		(203,505)	(10)	(186,375)	(10)	(400,341)	(10)	(358,053)	(10)
6300 Research and development expenses		(132,251)	(7)	(142,713)	(8)	(275,961)	(7)	(282,548)	(8)
6450 Impairment loss determined in accordance with IFRS9		(614)	-	(5,818)	-	(614)	-	(5,818)	-
6000 Total operating expenses		(526,900)	(27)	(504,612)	(27)	(1,043,299)	(27)	(1,001,425)	(28)
6900 Operating profit		<u>247,927</u>	<u>13</u>	<u>204,161</u>	<u>11</u>	<u>439,915</u>	<u>12</u>	<u>376,192</u>	<u>11</u>
Non-operating income and expenses									
7100 Interest income	6(24)	32,768	2	16,455	1	51,918	1	36,377	1
7010 Other income	6(25)	3,926	-	4,874	-	24,588	1	9,464	-
7020 Other gains and losses	6(26)	(364)	-	36,791	2	154	-	82,398	2
7050 Finance costs	6(27)	(9,450)	(1)	(11,144)	(1)	(19,901)	(1)	(17,842)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(8)	(1,860)	-	(1,586)	-	(3,517)	-	(1,630)	-
7000 Total non-operating income and expenses		<u>25,020</u>	<u>1</u>	<u>45,390</u>	<u>2</u>	<u>53,242</u>	<u>1</u>	<u>108,767</u>	<u>3</u>
7900 Profit before income tax		<u>272,947</u>	<u>14</u>	<u>249,551</u>	<u>13</u>	<u>493,157</u>	<u>13</u>	<u>484,959</u>	<u>14</u>
7950 Income tax expense	6(30)	(12,610)	(1)	(302,188)	(16)	(56,561)	(2)	(358,004)	(11)
8200 Profit (loss) for the period		<u>\$ 260,337</u>	<u>13</u>	<u>\$ 52,637</u>	<u>(3)</u>	<u>\$ 436,596</u>	<u>11</u>	<u>\$ 126,955</u>	<u>3</u>
Other comprehensive (loss) income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	\$ 1,100	-	(\$ 562)	-	\$ 2,669	-	(\$ 656)	-
Other comprehensive (loss) income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(22)	(115,365)	(6)	(79,477)	(4)	(125,305)	(3)	98,830	3
8300 Total other comprehensive (loss) income for the period		(\$ 114,265)	(6)	(\$ 80,039)	(4)	(\$ 122,636)	(3)	\$ 98,174	3
8500 Total comprehensive income (loss) for the period		<u>\$ 146,072</u>	<u>7</u>	<u>(\$ 132,676)</u>	<u>(7)</u>	<u>\$ 313,960</u>	<u>8</u>	<u>\$ 225,129</u>	<u>6</u>
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 208,771	10	(\$ 88,200)	(5)	\$ 372,466	10	\$ 66,740	1
8620 Non-controlling interest		<u>51,566</u>	<u>3</u>	<u>35,563</u>	<u>2</u>	<u>64,130</u>	<u>1</u>	<u>60,215</u>	<u>2</u>
Comprehensive income (loss) attributable to:		<u>\$ 260,337</u>	<u>13</u>	<u>(\$ 52,637)</u>	<u>(3)</u>	<u>\$ 436,596</u>	<u>11</u>	<u>\$ 126,955</u>	<u>3</u>
8710 Owners of the parent		\$ 94,588	4	(\$ 168,108)	(9)	\$ 249,938	6	\$ 164,836	4
8720 Non-controlling interest		<u>51,484</u>	<u>3</u>	<u>35,432</u>	<u>2</u>	<u>64,022</u>	<u>2</u>	<u>60,293</u>	<u>2</u>
		<u>\$ 146,072</u>	<u>7</u>	<u>(\$ 132,676)</u>	<u>(7)</u>	<u>\$ 313,960</u>	<u>8</u>	<u>\$ 225,129</u>	<u>6</u>
Basic earnings (loss) per share (In dollars)	6(31)								
9750 Basic (loss) earnings per share		<u>\$ 1.80</u>		<u>(\$ 0.75)</u>		<u>\$ 3.19</u>		<u>\$ 0.57</u>	
9850 Diluted (loss) earnings per share		<u>\$ 1.80</u>		<u>(\$ 0.75)</u>		<u>\$ 3.18</u>		<u>\$ 0.56</u>	

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

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent										
		Retained Earnings					Other equity interest					
		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	Treasury shares	Total	Non- controlling interest	Total equity
For the six months ended June 30, 2022												
Balance at January 1, 2022		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	(\$ 118,787)	\$ 8,116,427	\$1,506,020	\$ 9,622,447
Profit for the period		-	-	-	-	66,740	-	-	-	66,740	60,215	126,955
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	98,752	(656)	-	98,096	78	98,174
Total comprehensive income (loss)	6(21)	-	-	-	-	66,740	98,752	(656)	-	164,836	60,293	225,129
Appropriations of 2021 earnings												
Legal reserve		-	-	154,529	-	(154,529)	-	-	-	-	-	-
Special reserve		-	-	-	37,647	(37,647)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,050,014)	-	-	-	(1,050,014)	-	(1,050,014)
Exercise of employee stock purchase plans		159	709	-	-	-	-	-	-	868	-	868
Share-based payments	6(18)(22)	-	1,270	-	-	-	-	-	-	1,270	-	1,270
Changes in equity of associates and joint ventures		-	12,481	-	-	-	-	-	-	12,481	-	12,481
Transaction with non-controlling interests		-	204,044	-	-	-	-	-	-	204,044	(204,044)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	15,962	-	-	-	-	-	-	15,962	-	15,962
Capital increase of non-controlling interests		-	-	-	-	-	-	-	-	-	577,500	577,500
Adjustment to non-controlling interests		-	-	-	-	-	-	-	-	-	(39,310)	(39,310)
Balance at June 30, 2022		<u>\$ 1,182,608</u>	<u>\$ 2,881,720</u>	<u>\$ 899,210</u>	<u>\$ 282,347</u>	<u>\$ 2,523,027</u>	<u>(\$ 184,577)</u>	<u>\$ 326</u>	<u>(\$ 118,787)</u>	<u>\$ 7,465,874</u>	<u>\$1,900,459</u>	<u>\$ 9,366,333</u>
For the six months ended June 30, 2023												
Balance at January 1, 2023		\$ 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
Profit for the period		-	-	-	-	372,466	-	-	-	372,466	64,130	436,596
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	(125,197)	2,669	-	(122,528)	(108)	(122,636)
Total comprehensive income (loss)	6(21)	-	-	-	-	372,466	(125,197)	2,669	-	249,938	64,022	313,960
Appropriations of 2022 earnings												
Legal reserve		-	-	71,372	-	(71,372)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	(88,243)	88,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	(591,304)	-	-	-	(591,304)	-	(591,304)
Share-based payments	6(18)(22)	-	1,627	-	-	-	-	-	-	1,627	-	1,627
Changes in equity of associates and joint ventures		-	3,089	-	-	-	-	-	-	3,089	-	3,089
Acquisition of parent company's share by subsidiaries recognized as treasury shares		-	-	-	-	-	-	-	(114,290)	(114,290)	(386,295)	(500,585)
Adjustment to non-controlling interests		-	-	-	-	-	-	-	-	-	(55,268)	(55,268)
Balance at June 30, 2023		<u>\$ 1,182,608</u>	<u>\$ 2,891,981</u>	<u>\$ 970,582</u>	<u>\$ 194,104</u>	<u>\$ 2,968,041</u>	<u>(\$ 313,105)</u>	<u>(\$ 3,527)</u>	<u>(\$ 233,077)</u>	<u>\$ 7,657,607</u>	<u>\$1,592,936</u>	<u>\$ 9,250,543</u>

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

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 493,157	\$ 484,959
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(11)(28)	295,933	268,017
Amortisation	6(12)(28)	25,846	45,404
Expected credit impairment loss	12(2)	614	5,818
Net loss on financial assets at fair value through profit or loss	6(2)(26)	1,649	9,574
Net loss on financial liabilities at fair value through profit or loss		-	2,596
(Gain) loss on disposal of property, plant and equipment	6(26)	(5,634)	4,047
Gain on disposal of investment property	6(26)	(535)	-
Loss (gain) on disposal of investments	6(26)	13,038	(2,211)
Interest income	6(24)	(51,918)	(36,377)
Dividend income	6(25)	(117)	(518)
Interest expense	6(27)	19,901	17,842
Compensation cost arising from employee stock options	6(18)(29)	9,455	9,741
Profit from lease modifications	6(10)(26)	(149)	(409)
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	3,517	1,630
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		6,771	13,027
Accounts receivable		56,288	(259,617)
Accounts receivable - related parties		260	2,819
Other receivables		44,576	33,835
Other receivables - related parties		(21)	-
Inventories		122,502	(206,217)
Prepayments		(73,794)	(22,957)
Other current assets		(1,380)	8,323
Changes in operating liabilities			
Contract liabilities - current		42,203	39,821
Notes payable		(11)	10,088
Accounts payable		49,501	(83,862)
Accounts payable - related parties		171	(4,647)
Other payables		69,888	(196,647)
Other payables - related parties		10	(8)
Other current liabilities		19,783	(23,225)
Cash inflow generated from operations		1,141,504	120,846
Interest received		18,280	21,409
Interest paid		(16,680)	(16,221)
Income tax paid		(128,655)	(264,309)
Net cash flows from operating activities		1,014,449	(138,275)

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TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value through other comprehensive income		\$ -	(\$ 10,000)
Acquisition of property, plant and equipment		(26,142)	(77,280)
Proceeds from disposal of property, plant and equipment		6,819	5,240
Proceeds from disposal of investment property		22,590	-
Decrease in refundable deposits	6(13)	2,671	1,238
Acquisition of intangible assets		(851)	(5,262)
Decrease in other non-current assets		(10,478)	(16,413)
Acquisition of financial assets at fair value through profit or loss		(26,374)	(21,632)
Proceeds from disposal of financial assets at fair value through profit or loss		63,337	22,418
(Increase) decrease in financial assets at amortised cost		(126,613)	223,579
Increase in prepayments for purchase of equipment		(57,027)	(135,229)
Net cash outflow on acquisitions of subsidiaries		-	19,600
Increase in investment accounted for using equity method		-	(27,800)
Net cash flows used in investing activities		(152,068)	(21,541)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		1,401,835	2,226,802
Repayments of short-term borrowings		(1,578,040)	(2,875,550)
Proceeds from long-term borrowings		210,000	245,740
Lease liabilities paid	6(10)	(38,281)	(20,717)
Redemption of long-term borrowings		(217,354)	(245,740)
(Increase) decrease in guarantee deposits		(273)	157
Employee stock options		-	868
Proceeds from capital increase of non-controlling interests		-	577,500
Acquisition of the Company's share by subsidiaries recognized as treasury shares		(500,585)	-
Net cash flows used in financing activities		(722,698)	(90,940)
Effects due to changes in exchange rate		(246,992)	78,982
Net decrease in cash and cash equivalents		(107,309)	(171,774)
Cash and cash equivalents at beginning of period	6(1)	5,402,763	4,704,397
Cash and cash equivalents at end of period	6(1)	\$ 5,295,454	\$ 4,532,623

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

TCI CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(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 July 27, 2023.

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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	100	
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	41.94	41.94	41.94	
TCI CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	36.73	36.73	36.73	
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO., LTD.	Trading health foods for pets	60	60	60	
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	100	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 31, 2023	December 31, 2022	June 30, 2022	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	100	
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	63.27	63.27	63.27	
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	79.31	
TCI LIVING CO., LTD.	BIO DYNAMIC LABORATORIES INC.	Trading health foods and cosmetics	100	100	100	
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	0	0	100	
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	100	Note 1
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	100	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	100	
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	100	
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	3.85	3.85	3.85	
TCI BIOTECH LLC	TCI BIOTECH USA LLC	Trading health foods and cosmetics	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	Trading health foods and cosmetics	96.15	96.15	96.15	
TCI CO., LTD.	Maxigen Biotech Inc.	Research and development, producing and sales of biotechnology and cosmetics	22.83	22.83	22.83	
Maxigen Biotech Inc.	Maxigen Biotech International Investment Corporation Limited	Reinvested business	0	0	100	Note 2
Maxigen Biotech Inc.	HORAY INC.	Trading of cosmetics and package materials	100	100	100	
Maxigen Biotech Inc.	Maxigen Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	100	100	100	

Note 1: There was no capital injection as of June 30, 2023.

Note 2: 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 \$2,837,137 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			
		June 30, 2023		June 30, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 578,021	58.06%	\$ 580,147	58.06%
MAXIGEN BIOTECH INC.	Taiwan	1,012,044	77.17%	1,330,212	77.17%

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

Note 2: 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.	
	June 30, 2023	June 30, 2022
Current assets	\$ 1,113,320	\$ 1,107,517
Non-current assets	89,544	88,122
Current liabilities	(218,048)	(204,342)
Non-current liabilities	(3,217)	(54)
Total net assets	\$ 981,599	\$ 991,243
	MAXIGEN BIOTECH INC.	
	June 30, 2023	June 30, 2022
Current assets	\$ 622,543	\$ 863,373
Non-current assets	889,448	1,032,371
Current liabilities	(195,212)	(113,736)
Non-current liabilities	(498)	(96,053)
Total net assets	\$ 1,316,281	\$ 1,685,955

Statements of comprehensive income

	GENE & NEXT INC.	
	Three months ended June 30,	
	2023	2022
Revenue	\$ 89,574	\$ 151,012
Profit before income tax	8,498	52,315
Income tax benefit (expense)	8,756	(3,991)
Profit for the period	17,254	48,324
Other comprehensive (loss) income, net of tax	(2)	26
Total comprehensive income for the period	\$ 17,252	\$ 48,350
Comprehensive income (loss) attributable to non-	\$ 11,442	(\$ 8,426)
Dividends paid to non-controlling interest	\$ -	\$ -

GENE & NEXT INC.		
Six months ended June 30,		
	2023	2022
Revenue	\$ 149,905	\$ 248,748
Profit before income tax	3,417	80,809
Income tax benefit (expense)	8,756 (	13,244)
Profit for the period	12,173	67,565
Other comprehensive (loss) income	(35)	319
Total comprehensive income for the period, net of tax	<u>\$ 12,138</u>	<u>\$ 67,884</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 8,845</u>	<u>\$ 370</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
MAXIGEN BIOTECH INC.		
Three months ended June 30,		
Revenue	\$ 170,919	\$ 154,226
Profit before income tax	60,952	33,710
Income tax benefit (expense)	1,397 (	225)
Profit for the period	62,349	33,485
Other comprehensive (loss) income, net of tax	(\$ 51,158)	\$ 170
Total comprehensive income	<u>\$ 11,191</u>	<u>\$ 33,655</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 38,798</u>	<u>\$ 5,486</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
MAXIGEN BIOTECH INC.		
Six months ended June 30,		
	2023	2022
Revenue	\$ 313,946	\$ 277,487
Profit before income tax	114,358	59,331
Income tax expense	(7,560) (	5,299)
Profit for the period	106,798	54,032
Other comprehensive loss, net of tax	(51,171) (	101)
Total comprehensive income	<u>\$ 55,627</u>	<u>\$ 53,931</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 55,986</u>	<u>\$ 21,254</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

	GENE & NEXT INC.	
	Six months ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 44,631	\$ 32,204
Net cash used in investing activities	(152,998)	(37,226)
Net cash (used in) provided by financing activities	(1,135)	573,476
Effect of exchange rate changes on cash and cash equivalents	695	5,764
(Decrease) increase in cash and cash equivalents	(108,807)	574,218
Cash and cash equivalents at beginning of period	932,738	326,187
Cash and cash equivalents at end of period	<u>\$ 823,931</u>	<u>\$ 900,405</u>

	MAXIGEN BIOTECH INC.	
	Six months ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 96,928	\$ 115,924
Net cash used in investing activities	(485,038)	(3,134)
Net cash used in financing activities	-	(1,050)
Effect of exchange rate changes on cash and cash equivalents	161	(101)
(Decrease) increase in cash and cash equivalents	(387,949)	111,639
Cash and cash equivalents at beginning of period	790,948	513,305
Cash and cash equivalents at end of period	<u>\$ 402,999</u>	<u>\$ 624,944</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

B. Translation of foreign operations

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

(5) Classification of current and non-current items

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

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

(6) Cash equivalents

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

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

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

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

(24) Offsetting financial instruments

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

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent

of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Termination benefits

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

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

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

(26) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions

and vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees but employees must return the dividends received if they resign during the vesting period, and the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group

and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(28) Share capital

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

(29) Dividends

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.

(30) Revenue recognition

- A. The Group manufactures and sells health foods and cosmetics products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer who has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The products are often sold with price break based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated price break. Accumulated experience is used to estimate and provide for the price break, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected price break payable to customers in relation to sales made until the end of the reporting period.

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.

(31) Government grants

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

(32) Business combinations

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

measured at the acquisition-date fair value.

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

(33) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 12,312	\$ 13,107	\$ 10,389
Checking accounts and demand deposits	3,342,303	4,182,047	4,138,494
Time deposits	<u>2,623,179</u>	<u>1,763,336</u>	<u>1,617,317</u>
	5,977,794	5,958,490	5,766,200
Less: Shown as ‘current financial assets at amortised cost’	(158,664)	(21,696)	(698,527)
Less: Shown as ‘current financial assets at amortised cost - pledged’	(5,000)	(4,000)	(500)
Less: Shown as ‘non-current financial assets at amortised cost - pledged’	<u>(518,676)</u>	<u>(530,031)</u>	<u>(534,550)</u>
	<u>\$ 5,295,454</u>	<u>\$ 5,402,763</u>	<u>\$ 4,532,623</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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group recognised time deposits with maturity over 3 months of \$163,664, \$25,696 and \$699,027, respectively, and shown as ‘current financial assets at amortised cost’.

C. As of June 30, 2023, December 31, 2022 and June 30, 2022, the bank deposits amounting to \$518,676, \$530,031 and \$534,550, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 130,468	\$ 180,469	\$ 145,545
Valuation adjustment	<u>2,687</u>	<u>4,336</u>	<u>(22,427)</u>
	<u>\$ 133,155</u>	<u>\$ 184,805</u>	<u>\$ 123,118</u>

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

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 8,910	(\$ 6,656)
Derivative financial instruments	-	3,982
Total	<u>\$ 8,910</u>	<u>(\$ 2,674)</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 1,649)	(\$ 9,574)
Derivative financial instruments	-	(2,596)
Total	<u>(\$ 1,649)</u>	<u>(\$ 12,170)</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

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 12,604	\$ 12,604	\$ 12,604
Unlisted stocks	<u>27,054</u>	<u>27,054</u>	<u>37,054</u>
	39,658	39,658	49,658
Valuation adjustment	<u>11,421</u>	<u>8,752</u>	<u>8,581</u>
	<u>\$ 51,079</u>	<u>\$ 48,410</u>	<u>\$ 58,239</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 \$51,079, \$48,410 and \$58,239 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
B. As of June 30, 2023, December 31, 2022 and June 30, 2022, 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 \$51,079, \$48,410 and \$58,239, respectively.

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

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

(4) Financial assets at amortised cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits	\$ 163,664	\$ 25,696	\$ 699,027
Non-current items :			
Restricted bank deposits	\$ 518,676	\$ 530,031	\$ 534,550

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

	Three months ended June 30,	
	2023	2022
Interest income	\$ 2,331	\$ 2,251
	Six months ended June 30,	
	2023	2022
Interest income	\$ 4,849	\$ 9,786

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, 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 \$682,340, \$555,727 and \$1,233,577 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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 36,007	\$ 42,778	\$ 48,636
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 36,007</u>	<u>\$ 42,778</u>	<u>\$ 48,636</u>
Accounts receivable	\$ 981,369	\$ 1,037,218	\$ 1,234,384
Less: Allowance for uncollectible accounts	(63,632)	(62,579)	(33,351)
	<u>\$ 917,737</u>	<u>\$ 974,639</u>	<u>\$ 1,201,033</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Not past due	\$ 763,465	\$ 689,823	\$ 904,141
Up to 30 days	107,031	134,236	156,166
31 to 90 days	35,100	130,557	139,769
Over 90 days	48,148	62,801	49,593
	<u>\$ 953,744</u>	<u>\$ 1,017,417</u>	<u>\$ 1,249,669</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, 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 \$36,007, \$42,778 and \$48,636; \$917,737, \$974,639 and \$1,201,033 respectively.

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

(6) Inventories

	<u>June 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 655,206	(\$ 22,734)	\$ 632,472
Work in progress	40,600	(14)	40,586
Finished goods	393,532	(19,893)	373,639
	<u>\$ 1,089,338</u>	<u>(\$ 42,641)</u>	<u>\$ 1,046,697</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 743,881	(\$ 22,872)	\$ 721,009
Work in progress	42,010	(7)	42,003
Finished goods	425,914	(19,227)	406,687
	<u>\$ 1,211,805</u>	<u>(\$ 42,106)</u>	<u>\$ 1,169,699</u>
	<u>June 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 748,957	(\$ 26,381)	\$ 722,576
Work in progress	32,995	(40)	32,955
Finished goods	345,592	(20,419)	325,173
Inventory in transit	2,885	-	2,885
	<u>\$ 1,130,429</u>	<u>(\$ 46,840)</u>	<u>\$ 1,083,589</u>

The cost of inventories recognised as expense for the three months and six months ended June 30, 2023 and 2022, were \$1,149,256, \$1,141,950, \$2,358,726 and \$2,131,091, respectively, including the amount of \$317 recognized as a decrease in cost of goods sold due to the increase in the net realizable value of inventories caused by the sale of some depreciated goods from April 1 to June 30, 2023 and the amounts of \$108, \$2,206, \$292 and \$14,453 that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

(7) Prepayments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Prepaid expenses	\$ 134,939	\$ 95,863	\$ 206,955
Prepayments to suppliers	64,359	17,343	24,413
Excess business tax paid (or Net Input VAT)	<u>80,541</u>	<u>67,927</u>	<u>72,286</u>
	<u>\$ 279,839</u>	<u>\$ 181,133</u>	<u>\$ 303,654</u>

(8) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 27,375	\$ 2,396
Increase in investments accounted for using equity method	-	27,800
Share of profit (loss) of investments accounted for using equity method	(3,517)	(1,630)
At June 30	<u>\$ 23,858</u>	<u>\$ 28,566</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates	\$ 23,858	\$ 27,375	\$ 28,566

(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, 2023</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>
<u>2023</u>								
At January 1	\$ 962,162	\$2,014,229	\$1,298,620	\$ 31	\$ 427,765	\$ 142,587	\$ 21,601	\$ 4,866,995
Additions	-	3,600	2,446	-	4,757	6,128	3,520	20,451
Disposals	-	-	(1,056)	-	(49)	(80)	-	(1,185)
Transfers	-	-	34,791	-	70,861	1,061	(2,544)	104,169
Depreciation charge	-	(46,667)	(144,003)	(31)	(42,360)	(26,325)	-	(259,386)
Net exchange differences	-	(8,596)	(6,535)	-	507	(368)	-	(14,992)
At June 30	<u>\$ 962,162</u>	<u>\$1,962,566</u>	<u>\$1,184,263</u>	<u>\$ -</u>	<u>\$ 461,481</u>	<u>\$ 123,003</u>	<u>\$ 22,577</u>	<u>\$ 4,716,052</u>
<u>At June 30, 2023</u>								
Cost	\$ 962,162	\$2,417,662	\$2,317,256	\$ 35,982	\$ 748,017	\$ 420,678	\$ 22,577	\$ 6,924,334
Accumulated depreciation	-	(455,096)	(1,132,993)	(35,982)	(286,536)	(297,675)	-	(2,208,282)
	<u>\$ 962,162</u>	<u>\$1,962,566</u>	<u>\$1,184,263</u>	<u>\$ -</u>	<u>\$ 461,481</u>	<u>\$ 123,003</u>	<u>\$ 22,577</u>	<u>\$ 4,716,052</u>

	Land	Buildings and structures	Machinery	Machinery for lease	Office equipment	Others	Unfinished construction	Total
<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	-	163	16,347	-	5,137	9,179	3,730	34,556
Disposals	-	-	(5,484)	-	(3,656)	(147)	-	(9,287)
Transfers	18,600	38,925	107,444	-	99,641	5,142	(533)	269,219
Depreciation charge	-	(40,984)	(132,559)	(11,438)	(35,760)	(28,137)	-	(248,878)
Net exchange differences	-	7,006	7,779	-	4,042	629	-	19,456
At June 30	<u>\$ 955,790</u>	<u>\$ 2,051,444</u>	<u>\$ 1,208,550</u>	<u>\$ 776</u>	<u>\$ 408,069</u>	<u>\$ 154,754</u>	<u>\$ 21,990</u>	<u>\$ 4,801,373</u>
<u>At June 30, 2022</u>								
Cost	\$ 955,790	2,419,551	\$ 2,066,029	\$ 35,982	\$ 609,658	\$ 412,520	\$ 21,990	\$ 6,521,520
Accumulated depreciation	-	(368,107)	(857,479)	(35,206)	(201,589)	(257,766)	-	(1,720,147)
	<u>\$ 955,790</u>	<u>\$ 2,051,444</u>	<u>\$ 1,208,550</u>	<u>\$ 776</u>	<u>\$ 408,069</u>	<u>\$ 154,754</u>	<u>\$ 21,990</u>	<u>\$ 4,801,373</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:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 26,426	\$ 27,549	\$ 34,675
Buildings	149,410	172,114	53,249
	<u>\$ 175,836</u>	<u>\$ 199,663</u>	<u>\$ 87,924</u>

	Three months ended June 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 171	\$ 317
Buildings	18,104	9,193
	<u>\$ 18,275</u>	<u>\$ 9,510</u>

	Six months ended June 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 345	\$ 490
Buildings	36,194	18,634
	<u>\$ 36,539</u>	<u>\$ 19,124</u>

C. In March 2013, the Group signed a land use right contract with Shanghai Municipal Planning,

Land and Resources Administration for use of the land in Jinshan District, Shanghai City with a term of 50 years. All rentals had been paid on the contract date.

D. For the three months and six months ended June 30, 2023 and 2022, the additions to right-of-use amounted to \$3,850, \$26,131, \$35,815 and \$26,131, respectively.

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

	Three months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,608	\$ 901
Expense on short-term lease contracts	\$ 8,150	\$ 8,498
Expense on leases of low-value assets	\$ 1,512	\$ 652
Gain or loss on lease modification	\$ 72	\$ 256
	Six months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,215	\$ 1,622
Expense on short-term lease contracts	\$ 16,787	\$ 17,525
Expense on leases of low-value assets	\$ 3,102	\$ 1,159
Gain or loss on lease modification	\$ 149	\$ 409

For the three months and six months ended June 30, 2023 and 2022, the Group's total cash outflow for leases amounted to \$28,815, \$19,903, \$58,170 and \$39,401, respectively.

(11) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	(699)	(699)
	\$ 21,190	\$ 873	\$ 22,063
Opening net book amount as at January 1	\$ 21,190	\$ 873	\$ 22,063
Disposals	(\$ 21,190)	(\$ 865)	(22,055)
Depreciation charge	-	(8)	(8)
Closing net book amount as at June 30	\$ -	\$ -	\$ -
At June 30			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	\$ -	\$ -	\$ -

	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	-	(15)	(15)
Closing net book amount as at June 30	<u>\$ 21,190</u>	<u>\$ 889</u>	<u>\$ 22,079</u>
At June 30			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	(683)	(683)
	<u>\$ 21,190</u>	<u>\$ 889</u>	<u>\$ 22,079</u>

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

	Three months ended June 30,	
	2023	2022
Rental income from investment property	<u>\$ -</u>	<u>\$ 95</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ -</u>	<u>\$ 7</u>
Direct operating expenses not arising from the investment property that generated rental income during the period	<u>\$ -</u>	<u>\$ -</u>
	Six months ended June 30,	
	2023	2022
Rental income from investment property	<u>\$ -</u>	<u>\$ 238</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ -</u>	<u>\$ 15</u>
Direct operating expenses not arising from the investment property that generated rental income during the period	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at June 30, 2023, December 31, 2022 and June 30, 2022 were \$0, \$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.

C. On February 23, 2023, the company's subsidiary, MAXIGEN BIOTECH INC signed a sale and purchase contract with Huachuang International Development Co., Ltd. on Minquan East Road, Songshan District. The total price agreed by the two parties was \$22,590. The transfer of property rights was completed on March 31, 2023. The Group recognized a disposal benefit of \$535 in 2023 (listed in "7020 Other Benefits and Losses"), and the relevant transaction payment was received on April 12, 2023.

(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, 2023</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>2023</u>							
At January 1	\$ 299,689	\$ 120,611	\$ 187,000	\$ 16,701	\$ 1,112	\$ 116,067	\$ 741,180
Additions—							
acquired separately	-	-	-	851	-	-	851
Transfers	-	-	-	385	-	-	385
Amortisation charge	-	(3,481)	(11,000)	(4,626)	(130)	(6,609)	(25,846)
Net exchange differences	-	(3)	-	4	-	(3)	(2)
At June 30	<u>\$ 299,689</u>	<u>\$ 117,127</u>	<u>\$ 176,000</u>	<u>\$ 13,315</u>	<u>\$ 982</u>	<u>\$ 109,455</u>	<u>\$ 716,568</u>
<u>At June 30, 2023</u>							
Cost	\$ 299,689	\$ 132,714	\$ 220,000	\$ 36,251	\$ 7,400	\$ 143,967	\$ 840,021
Accumulated amortisation	-	(15,587)	(44,000)	(22,936)	(6,418)	(34,512)	(123,453)
	<u>\$ 299,689</u>	<u>\$ 117,127</u>	<u>\$ 176,000</u>	<u>\$ 13,315</u>	<u>\$ 982</u>	<u>\$ 109,455</u>	<u>\$ 716,568</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, 2022</u>							
Cost	\$ 299,689	\$ 132,719	\$ 220,000	\$ 41,688	\$ 7,400	\$ 147,767	\$ 849,263
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>\$ 133,069</u>	<u>\$ 799,309</u>
<u>2022</u>							
At January 1	\$ 299,689	\$ 130,738	\$ 220,000	\$ 14,441	\$ 1,372	\$ 133,069	\$ 799,309
Additions—							
acquired separately	-	-	-	4,648	514	100	5,262
Transfers	-	-	-	95	-	-	95
Amortisation charge	-	(6,648)	(22,000)	(3,703)	(130)	(12,923)	(45,404)
Net exchange differences	-	3	-	-	-	-	3
At June 30	<u>\$ 299,689</u>	<u>\$ 124,093</u>	<u>\$ 198,000</u>	<u>\$ 15,481</u>	<u>\$ 1,756</u>	<u>\$ 120,246</u>	<u>\$ 759,265</u>
<u>At June 30, 2022</u>							
Cost	\$ 299,689	\$ 132,724	\$ 220,000	\$ 29,571	\$ 7,914	\$ 141,256	\$ 831,154
Accumulated amortisation	-	(8,631)	(22,000)	(14,089)	(6,158)	(21,011)	(71,889)
	<u>\$ 299,689</u>	<u>\$ 124,093</u>	<u>\$ 198,000</u>	<u>\$ 15,482</u>	<u>\$ 1,756</u>	<u>\$ 120,245</u>	<u>\$ 759,265</u>

Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2023	2022
Overhead	\$ 2,600	\$ 6,624
Selling expenses	853	1,704
Administrative expenses	8,624	31,284
Research and development expenses	768	3,816
	<u>\$ 12,845</u>	<u>\$ 43,428</u>
	Six months ended June 30,	
	2023	2022
Overhead	\$ 5,319	\$ 6,762
Selling expenses	1,696	1,787
Administrative expenses	17,281	32,817
Research and development expenses	1,550	4,038
	<u>\$ 25,846</u>	<u>\$ 45,404</u>

(13) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments for construction business facilities	\$ 577,761	\$ 520,734	\$ 660,064
Guarantee deposits paid	41,910	44,581	46,317
Net defined benefit asset	3,994	3,993	2,913
Other non-current assets	2,126	5,011	4,937
	<u>\$ 625,791</u>	<u>\$ 574,319</u>	<u>\$ 714,231</u>

(14) Short-term borrowings

Type of Borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 970,000</u>	1.185%~1.749%	None
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	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 800,000</u>	0.68%~1.21%	None

Interest expense recognised in profit or loss amounted to \$7,839, \$10,244, \$16,680 and \$16,221 for the three months and six months ended June 30, 2023 and 2022, respectively.

(15) Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Dividends payable	\$ 654,708	\$ -	\$ 1,075,918
Employee bonus payable	264,357	215,824	278,489
Salaries and bonuses payable	195,435	207,654	184,847
Payable on machinery and equipment	10,591	16,282	13,475
Tax payables	40,261	22,193	9,568
Other payables	182,894	229,179	255,258
	<u>\$ 1,348,246</u>	<u>\$ 691,132</u>	<u>\$ 1,817,555</u>

(16) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

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

(b) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2023 and 2022 were \$___, \$9,829, \$___ and 22,631, respectively.

C. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three months and six months ended June 30, 2023 and 2022, were both 20%. Other than the monthly contributions, the Group has no further obligations.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020, to January 5, 2028; interest is repayable monthly.	1.625%~2%	None	\$ 960,156
Less:Current portion				(320,000)
				<u>\$ 640,156</u>

<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>June 30, 2022</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
Less:Current portion				(330,000)
				<u>\$ 637,510</u>

(18) Share-based payment

A. For the six months ended June 30, 2023 and 2022, 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%

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:

	Six months ended June 30,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ 100	21	\$ 100
Options expired	-	-	(5)	-
Options exercised	-	-	(16)	100
Options outstanding at the end of the period	-	\$ 100	-	\$ 100
Options exercisable at the end of the period	-	\$ 100	-	\$ 100

	Six months ended June 30,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,493	\$ 448	1,617	\$ 448
Options expired	(59)	-	(73)	448
Options outstanding at the end of the period	<u>1,434</u>	<u>\$ 448</u>	<u>1,544</u>	<u>\$ 448</u>
Options exercisable at the end of the period	<u>1,434</u>	<u>\$ 448</u>	<u>1,544</u>	<u>\$ 448</u>

	Three months ended March 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,035	\$ 48.62	2,630	\$ 50.80
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options outstanding at the end of the period	<u>3,035</u>	<u>\$ 48.62</u>	<u>2,630</u>	<u>50.80</u>
Options exercisable at the end of the period	<u>3,035</u>	<u>48.62</u>	<u>2,630</u>	<u>50.80</u>

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

Issue date approved	Expiry date	June 30, 2023		December 31, 2022		June 30, 2022	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	-	\$ -	100	\$ 100	5	\$ 100
2018.05.15	2024.05.14	1,434	448	1,493	448	3,132	448
2021.11.03	2027.11.02	2,345	50.8	2,345	50.8	2,630	50.8
2022.08.03	2028.08.03	690	41.2	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:

	Six months ended June 30,	
	2023	2022
Equity-settled	\$ 9,455	\$ 9,741

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.

(19) Share capital

A. As of June 30, 2023, 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)

	<u>2023</u>	<u>2022</u>
	Unrestricted shares	Unrestricted shares
At January 1	118,261	118,245
Employee stock options exercised	-	16
At June 30	<u>118,261</u>	<u>118,261</u>

B. Treasury shares

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

		<u>June 30, 2023</u>	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount(Note)
The Company	To be reissued to employees	532,000	118,787
Subsidiary- MAXIGEN BIOTECH INC.	To be reissued to employees	2,531,000	500,585
Less:Non-controlling interest			(386,295)
			<u>\$ 233,077</u>
		<u>December 31, 2022</u>	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	<u>\$ 118,787</u>
		<u>June 30, 2022</u>	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	<u>\$ 118,787</u>

Note: The company's subsidiary - MAXIGEN BIOTECH INC is a subsidiary of the company with substantial control, but the company's shareholding in it is 22.83% but not up to 50%. Therefore, the company's repurchase of the company's stock is not subject to the Company Law Section 167 Restrictions.

(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.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

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. On June 27, 2023, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2022 earnings in the amount of \$591,304, with cash dividends of \$5 (in dollars) per share.

(22) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 6,196)	(\$ 187,908)	(\$ 194,104)
Currency translation differences	-	(125,197)	(125,197)
Revaluation - gross	<u>2,669</u>	<u>-</u>	<u>2,669</u>
At June 30	<u>(\$ 3,527)</u>	<u>(\$ 313,105)</u>	<u>(\$ 316,632)</u>
	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 982	(\$ 283,329)	(\$ 282,347)
Currency translation differences	-	98,752	98,752
Valuation adjustments	<u>(656)</u>	<u>-</u>	<u>(656)</u>
At June 30	<u>\$ 326</u>	<u>(\$ 184,577)</u>	<u>(\$ 184,251)</u>

(23) Operating revenue

	Three months ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 1,969,083	\$ 1,820,918
Others—rent revenue	-	29,805
	<u>\$ 1,969,083</u>	<u>\$ 1,850,723</u>

	Six months ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 3,851,940	\$ 3,459,464
Others—rent revenue	-	49,244
	<u>\$ 3,851,940</u>	<u>\$ 3,508,708</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2023	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 1,119,321	\$ 1,749,737	\$ 2,869,058
Inter-segment revenue	(452,374)	(447,601)	(899,975)
Revenue from external customer contracts	<u>\$ 666,947</u>	<u>\$ 1,302,136</u>	<u>\$ 1,969,083</u>

Three months ended June 30, 2022	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 928,780	\$ 1,869,828	\$ 2,798,608
Inter-segment revenue	(385,113)	(592,577)	(977,690)
Revenue from external customer contracts	<u>\$ 543,667</u>	<u>\$ 1,277,251</u>	<u>\$ 1,820,918</u>

Six months ended June 30, 2023	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 2,237,245	\$ 3,321,942	\$ 5,559,187
Inter-segment revenue	(861,574)	(855,673)	(1,717,247)
Revenue from external customer contracts	<u>\$ 1,375,671</u>	<u>\$ 2,466,269</u>	<u>\$ 3,841,940</u>

Six months ended June 30, 2022	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 1,766,174	\$ 3,606,313	\$ 5,372,487
Inter-segment revenue	(670,289)	(1,242,734)	(1,913,023)
Revenue from external customer contracts	<u>\$ 1,095,885</u>	<u>\$ 2,363,579</u>	<u>\$ 3,459,464</u>

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

B. Contract assets and liabilities

As of June 30, 2023, December 31, 2022, June 30, 2022 and January 1, 2022, the Group has not recognized any revenue-related contract assets, while the Group has recognized contract liabilities below:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities				
– advance sales receipts	\$ <u>496,310</u>	\$ <u>454,107</u>	\$ <u>530,960</u>	\$ <u>491,139</u>

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

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

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ <u>25,758</u>	\$ <u>65,817</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ <u>302,840</u>	\$ <u>291,092</u>

(24) Interest income

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits (Note)	\$ <u>32,768</u>	\$ <u>16,455</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits (Note)	\$ <u>51,918</u>	\$ <u>36,377</u>

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

(25) Other income

	Three months ended June 30,	
	2023	2022
Dividend income	\$ 66	\$ 518
Subsidy income	(276)	(149)
Other income - others	4,136	4,505
	<u>\$ 3,926</u>	<u>\$ 4,874</u>
	Six months ended June 30,	
	2023	2022
Dividend income	\$ 117	\$ 518
Subsidy income	13,319	296
Other income - others	11,152	8,650
	<u>\$ 24,588</u>	<u>\$ 9,464</u>

(26) Other gains and losses

	Three months ended June 30,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ 4,801	(\$ 4,531)
Gains on disposals of investment property	-	-
Gains (losses) on disposal of investments	(13,038)	827
Gains arising from lease modifications	72	256
Foreign exchange gains	(911)	42,922
Net losses on financial assets at fair value through profit or loss	8,910	(6,656)
Gains on financial liabilities at fair value through profit or loss	-	3,982
Miscellaneous disbursements	(198)	(9)
	<u>(\$ 364)</u>	<u>\$ 36,791</u>
	Six months ended June 30,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ 5,634	(\$ 4,047)
Gains on disposals of investment property	535	-
Gains (losses) on disposal of investments	(13,038)	2,211
Gains arising from lease modifications	149	409
Foreign exchange gains	8,730	96,139
Net losses on financial assets at fair value through profit or loss	(1,649)	(9,574)
Losses on financial liabilities at fair value through profit or loss	-	(2,596)
Miscellaneous disbursements	(207)	(144)
	<u>\$ 154</u>	<u>\$ 82,398</u>

(27) Finance costs

	Three months ended June 30,	
	2023	2022
Interest expense		
Bank borrowings	\$ 7,839	\$ 10,243
Interest from lease liabilities	1,608	901
Convertible bonds	3	-
	<u>\$ 9,450</u>	<u>\$ 11,144</u>
	Six months ended June 30,	
	2023	2022
Interest expense		
Bank borrowings	\$ 16,680	\$ 16,220
Interest from lease liabilities	3,215	1,622
Convertible bonds	6	-
	<u>\$ 19,901</u>	<u>\$ 17,842</u>

(28) Expenses by nature

	Three months ended June 30,	
	2023	2022
Employee benefit expense	\$ 366,744	\$ 248,307
Depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets	148,200	133,098
Depreciation charges on investment property	-	7
Operating lease payments	9,662	22,136
Amortisation charges on intangible assets	12,845	43,428
	Six months ended June 30,	
	2023	2022
Employee benefit expense	\$ 743,387	\$ 574,999
Depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets	295,925	268,002
Depreciation charges on investment property	8	15
Operating lease payments	19,889	31,670
Amortisation charges on intangible assets	25,846	45,404

(29) Employee benefit expense

	Three months ended June 30,	
	2023	2022
Wages and salaries	\$ 309,439	\$ 197,733
Employee stock options (Note)	4,727	4,306
Labour and health insurance fees	26,769	26,539
Pension costs	13,439	9,829
Other personnel expenses	12,370	9,900
	<u>\$ 366,744</u>	<u>\$ 248,307</u>
	Six months ended June 30,	
	2023	2022
Wages and salaries	\$ 625,209	\$ 469,295
Employee stock options (Note)	9,455	9,741
Labour and health insurance fees	58,233	52,689
Pension costs	27,050	22,631
Other personnel expenses	23,440	20,643
	<u>\$ 743,387</u>	<u>\$ 574,999</u>

Note: It was equity-settled.

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the three months and six months ended June 30, 2023 and 2022, employees' compensation was accrued at \$21,000, \$0, \$42,000 and \$25,688, respectively; while directors' and supervisors' remuneration was accrued at \$1,050, \$1,050, \$2,100 and \$2,100, respectively. The aforementioned amounts were recognised in salary expenses.
- C. 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 six months ended June 30, 2023.
- D. Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were \$49,974 and \$4,200, respectively, and the employees' compensation was distributed in the form of cash.
- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 49,927	\$ 310,267
Tax on undistributed surplus earnings	10,147	16,187
Effect from investment tax credits	(9,670)	(14,135)
Prior year income tax over estimation	(30,567)	(4,541)
Total current tax	<u>19,837</u>	<u>307,778</u>
Deferred tax:		
Origination and reversal of temporary differences	(7,227)	(5,590)
Total deferred tax	(7,227)	(5,590)
Income tax expense	<u>\$ 12,610</u>	<u>\$ 302,188</u>
	Six months ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 103,645	\$ 357,953
Tax on undistributed surplus earnings	10,147	16,187
Effect from investment tax credits	(9,670)	(14,135)
Prior year income tax (over) underestimation	(30,567)	4,530
Total current tax	<u>73,555</u>	<u>364,535</u>
Deferred tax:		
Origination and reversal of temporary differences	(16,994)	(6,531)
Total deferred tax	(16,994)	(6,531)
Income tax expense	<u>\$ 56,561</u>	<u>\$ 358,004</u>

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

(31) Earnings per share

	<u>Three months ended June 30, 2023</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	<u>\$ 208,771</u>	115,782	<u>\$ 1.80</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 208,771		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	237	
Employee stock options	-	15	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 208,771</u>	<u>116,034</u>	<u>\$ 1.80</u>
	<u>Three months ended June 30, 2022</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to the parent	<u>(\$ 88,200)</u>	117,729	<u>(\$ 0.75)</u>
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 88,200)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Employee stock options	-	-	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>(\$ 88,200)</u>	<u>117,729</u>	<u>(\$ 0.75)</u>

	Six months ended June 30, 2023		
	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	\$ 372,446	116,736	\$ 3.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 372,446		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	358	
Employee stock options	-	15	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 372,446</u>	<u>117,109</u>	<u>\$ 3.18</u>

	Six months ended June 30, 2022		
	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	\$ 66,740	117,721	\$ 0.57
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 66,740		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	862	
Employee stock options	-	15	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 66,740</u>	<u>118,598</u>	<u>\$ 0.56</u>

(32) Supplemental cash flow information

Investing activities with partial cash payments

	Six months ended June 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 20,451	\$ 34,556
Add: Opening balance of payable on equipment	16,282	56,199
Less: Ending balance of payable on equipment	(10,591)	(13,475)
Cash paid during the period	<u>\$ 26,142</u>	<u>\$ 77,280</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue:

	Three months ended June 30,	
	2023	2022
Sales of goods:		
Other related parties	<u>\$ 2,468</u>	<u>\$ 1,421</u>
	Six months ended June 30,	
	2023	2022
Sales of goods:		
Other related parties	<u>\$ 4,084</u>	<u>\$ 2,189</u>

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

B. Purchases:

	Three months ended June 30,	
	2023	2022
Purchase and processing fees:		
Other related parties	<u>\$ -</u>	<u>\$ 5,481</u>
	Six months ended June 30,	
	2023	2022
Purchase and processing fees:		
Other related parties	<u>\$ 2,483</u>	<u>\$ 8,281</u>

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

C. Other income

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rent income:		
Associates	<u>\$ 8</u>	<u>\$ 22</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rent income:		
Associates	<u>\$ 11</u>	<u>\$ 51</u>

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

D. Receivables from related parties:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable:			
Other related parties	\$ 6	\$ 268	\$ 138
Associates	<u>2</u>	<u>-</u>	<u>69</u>
	<u>8</u>	<u>268</u>	<u>207</u>
Other receivables:			
Associates	<u>\$ 66</u>	<u>\$ 45</u>	<u>\$ -</u>
	<u>\$ 74</u>	<u>\$ 313</u>	<u>\$ 207</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable:			
Other related parties	\$ 1,066	\$ 895	\$ 2,715
Associates	<u>11</u>	<u>1</u>	<u>-</u>
	<u>\$ 1,077</u>	<u>\$ 896</u>	<u>\$ 2,715</u>

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

(3) Key management compensation

	Three months ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 11,037	\$ 31,594
Share-based payments	2,889	3,837
	<u>\$ 13,926</u>	<u>\$ 35,431</u>
	Six months ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 29,084	\$ 57,082
Share-based payments	5,567	6,273
	<u>\$ 34,651</u>	<u>\$ 63,355</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Property, plant and equipment	\$ 1,877,916	\$ 1,923,743	\$ 1,957,762	Short-term and long-term borrowings
Current financial assets at amortised cost	5,000	4,000	500	Contract security deposit account for government grants and performance guarantee
Non-current financial assets at amortised cost	518,676	530,031	534,550	Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds
	<u>\$ 2,401,592</u>	<u>\$ 2,457,774</u>	<u>\$ 2,492,812</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	<u>\$ 117,995</u>	<u>\$ 123,226</u>	<u>\$ 163,866</u>

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's total unused letters of credit was \$8,308, \$0 and \$28,389, respectively.

C. As of June 30, 2023 and 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 \$43,200, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</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>\$ 133,155</u>	<u>\$ 184,805</u>	<u>\$ 123,118</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 51,079</u>	<u>\$ 48,410</u>	<u>\$ 58,239</u>
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 5,295,454	\$ 5,402,763	\$ 4,532,623
Financial assets at amortised cost-current	163,664	25,696	699,027
Financial assets at amortised cost-non-current	518,676	530,031	534,550
Notes receivable	36,007	42,778	48,636
Accounts receivable	917,737	974,639	1,201,033
Accounts receivable - related parties	8	268	207
Other receivables	36,795	47,616	31,634
Other receivables - related parties	66	45	-
Guarantee deposits paid	41,910	44,581	46,317
	<u>\$ 7,010,317</u>	<u>\$ 7,068,417</u>	<u>\$ 7,094,027</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 970,000	\$ 1,146,320	\$ 800,000
Notes payable	584	595	13,073
Accounts payable	779,367	729,866	773,157
Accounts payable - related parties	1,066	895	2,715
Other accounts payable	1,348,246	691,133	1,817,555
Other accounts payable - related parties	11	1	-
Long-term borrowings (including current portion)	960,156	967,510	967,510
Deposits received	11,133	11,406	11,541
	<u>\$ 4,070,563</u>	<u>\$ 3,547,726</u>	<u>\$ 4,385,551</u>
Lease liability	<u>\$ 153,161</u>	<u>\$ 174,865</u>	<u>\$ 60,799</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

(Foreign currency: functional currency)	June 30, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD	46,802	31.14 \$ 1,457,414
RMB:NTD	RMB	252,994	4.2820 1,083,320
EUR:NTD	EUR	5,405	33.81 182,743
JPY:NTD	JPY	315,266	0.2130 67,152
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	JPY	843,922	0.2130 \$ 179,755
RMB:NTD	RMB	27,004	4.2820 115,631
USD:NTD	USD	4,768	31.14 148,476
EUR:NTD	EUR	3,075	33.81 103,966

		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	55,147	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
		June 30, 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	32,307	29.7200	\$ 960,164
RMB:NTD	RMB	242,210	4.4390	1,075,170
EUR:NTD	EUR	1,473	31.0500	45,737
JPY:NTD	JPY	279,823	0.2182	61,057
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	JPY	647,967	0.2182	\$ 141,386
RMB:NTD	RMB	46,645	4.4390	207,057
USD:NTD	USD	2,778	29.7200	82,562
EUR:NTD	EUR	2,870	31.0500	89,114

iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2023 and 2022, amounted to (\$911), \$42,922, \$8,730 and \$96,139, respectively.

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

		Six months ended June 30, 2023			
		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%	\$	14,574	\$	-
RMB:NTD	"		10,833		-
EUR:NTD	"		1,827		-
JPY:NTD	"		672		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
JPY:NTD	1%	\$	1,798	\$	-
RMB:NTD	"		1,156		-
USD:NTD	"		1,485		-
EUR:NTD	"		1,040		-
		Six months ended June 30, 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%	\$	9,602	\$	-
RMB:NTD	"		10,752		-
EUR:NTD	"		457		-
JPY:NTD	"		611		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
JPY:NTD	1%	\$	1,414	\$	-
RMB:NTD	"		2,071		-
USD:NTD	"		826		-
EUR:NTD	"		891		-

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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$1,332 and \$1,231, 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 \$511 and \$582, 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 six months ended June 30, 2023 and 2022, 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 the six months ended June 30, 2023 and 2022 would have increased/decreased by \$772 and \$707, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the loss rate methodology is as follows:

<u>At June 30, 2023</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	\$ 763,466	\$ 143,321	\$ 68,582	\$ 42,007	\$ 1,017,376
Loss allowance	\$ -	\$ 1,190	\$ 20,435	\$ 42,007	\$ 63,632
<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>At June 30, 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	\$ 905,663	\$ 310,216	\$ 59,347	\$ 7,794	\$ 1,283,020
Loss allowance	\$ 1,522	\$ 14,281	\$ 9,754	\$ 7,794	\$ 33,351

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

	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 62,579	\$ -
Provision for impairment	614	-
Effect of foreign exchange	439	-
At June 30	<u>\$ 63,632</u>	<u>\$ -</u>
	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 27,533	\$ -
Provision for impairment	5,818	-
At June 30	<u>\$ 33,351</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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group has undrawn borrowing facilities of \$7,703,303, \$7,581,429 and \$9,035,525, 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:

June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 970,000	\$ -	\$ -
Notes payable	584	-	-
Accounts payable (including related parties)	780,433	-	-
Other payables	1,348,527		
Lease liability	56,604	44,215	52,342
Guarantee deposits received	-	11,133	-
Long-term borrowings (including current portion)	320,000	-	640,156

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:

<u>June 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 800,000	\$ -	\$ -
Notes payable	13,073	-	-
Accounts payable (including related parties)	775,872	-	-
Other payables	1,817,555	-	-
Lease liability	35,161	16,516	9,122
Guarantee deposits received	-	11,541	-
Long-term borrowings (including current portion)	330,000	-	637,510

(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>June 30, 2023</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	\$ 133,155	\$ -	\$ -	\$ 133,155
Financial assets at fair value through other comprehensive income				
Equity securities	6,853	-	44,226	51,079
	<u>\$ 140,008</u>	<u>\$ -</u>	<u>\$ 44,226</u>	<u>\$ 184,234</u>
<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>June 30, 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	\$ 123,118	\$ -	\$ -	\$ 123,118
Financial assets at fair value through other comprehensive income				
Equity securities	2,195	-	56,044	58,239
	<u>\$ 125,313</u>	<u>\$ -</u>	<u>\$ 56,044</u>	<u>\$ 181,357</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:

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the six months ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the six months ended June 30, 2023 and 2022:

	<u>Non-derivative equity instrument</u>	
	<u>2023</u>	<u>2022</u>
At June 30 (equivalent to January 1)	\$ 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:

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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.
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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 June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 56,044	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	15% 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:

		June 30, 2023					
				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, 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)	

		June 30, 2022					
		Recognised in profit or loss			Recognised in other comprehensive income		
		Favourable	Unfavourable	Favourable	Unfavourable	Favourable	Unfavourable
		change	change	change	change	change	change
	Input	Change					
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 2,802	\$ 2,802	

(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 six months ended June 30, 2023.

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: Table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(12) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Other</u>	<u>Adjustment and reversal</u>	<u>Total</u>
Three months ended June 30, 2023						
Revenue from external customers	\$ 752,650	\$ 726,945	\$ 445,039	\$ 44,449	\$ -	\$ 1,969,083
Revenue from internal customers	<u>757,473</u>	<u>64,618</u>	<u>77,884</u>	<u>-</u>	<u>(899,975)</u>	<u>-</u>
Segment revenue	<u>\$ 1,510,123</u>	<u>\$ 791,563</u>	<u>\$ 522,923</u>	<u>\$ 44,449</u>	<u>(\$ 899,975)</u>	<u>\$ 1,969,083</u>
Segment (loss) income	<u>\$ 316,150</u>	<u>\$ 151,600</u>	<u>(\$ 14,432)</u>	<u>(\$ 24,105)</u>	<u>(\$ 168,876)</u>	<u>\$ 260,337</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 120,469	\$ 24,925	\$ 15,494	\$ 1,113	\$ -	\$ 162,001
Interest income	<u>9,131</u>	<u>23,576</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>32,768</u>
Interest expense	<u>8,387</u>	<u>274</u>	<u>759</u>	<u>30</u>	<u>-</u>	<u>9,450</u>
Income tax expense	<u>15,953</u>	<u>(1,257)</u>	<u>-</u>	<u>-</u>	<u>(2,086)</u>	<u>12,610</u>
Investment profit or loss which is adopting equity method	<u>60,218</u>	<u>40,951</u>	<u>(19,518)</u>	<u>(13,878)</u>	<u>(69,633)</u>	<u>(1,860)</u>
	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Other</u>	<u>Adjustment and reversal</u>	<u>Total</u>
Three months ended June 30, 2022						
Revenue from external customers	\$ 561,875	\$ 750,361	\$ 514,405	\$ 24,082	\$ -	\$ 1,850,723
Revenue from internal customers	<u>944,958</u>	<u>110,707</u>	<u>(77,975)</u>	<u>-</u>	<u>(977,690)</u>	<u>-</u>
Segment revenue	<u>\$ 1,506,833</u>	<u>\$ 861,068</u>	<u>\$ 436,430</u>	<u>\$ 24,082</u>	<u>(\$ 977,690)</u>	<u>\$ 1,850,723</u>
Segment income (loss)	<u>(\$ 270,135)</u>	<u>\$ 5,494</u>	<u>(\$ 32,726)</u>	<u>(\$ 37,744)</u>	<u>\$ 282,474</u>	<u>(\$ 52,637)</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 149,681	\$ 22,726	\$ 5,945	\$ -	(\$ 1,819)	\$ 176,533
Interest income	<u>2,407</u>	<u>14,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,455</u>
Interest expense	<u>10,859</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,144</u>
Income tax expense	<u>287,230</u>	<u>14,945</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>302,188</u>
Investment profit or loss which is adopting equity method	<u>(249,899)</u>	<u>2,528</u>	<u>(32,751)</u>	<u>(31,468)</u>	<u>310,004</u>	<u>(1,586)</u>

	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Six months ended June 30, 2023</u>						
Revenue from external customers	\$ 1,495,831	\$ 1,404,383	\$ 860,346	\$ 81,380	\$ -	\$ 3,841,940
Revenue from internal customers	<u>1,375,314</u>	<u>131,882</u>	<u>210,051</u>	<u>-</u>	<u>(1,717,247)</u>	<u>-</u>
Segment revenue	<u>\$ 2,871,145</u>	<u>\$ 1,536,265</u>	<u>\$ 1,070,397</u>	<u>\$ 81,380</u>	<u>(\$ 1,717,247)</u>	<u>\$ 3,841,940</u>
Segment (loss) income	<u>\$ 556,902</u>	<u>\$ 267,312</u>	<u>(\$ 36,164)</u>	<u>(\$ 37,927)</u>	<u>(\$ 313,527)</u>	<u>\$ 436,596</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 241,075	\$ 49,941	\$ 30,490	\$ 2,199	(\$ 1,926)	\$ 321,779
Interest income	<u>16,545</u>	<u>35,298</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>51,918</u>
Interest expense	<u>17,702</u>	<u>586</u>	<u>1,563</u>	<u>50</u>	<u>-</u>	<u>19,901</u>
Income tax expense	<u>58,550</u>	<u>1,585</u>	<u>-</u>	<u>-</u>	<u>(3,574)</u>	<u>56,561</u>
Investment profit or loss which is adopting equity method	<u>96,448</u>	<u>73,073</u>	<u>(44,314)</u>	<u>(34,774)</u>	<u>(93,950)</u>	<u>(3,517)</u>
Segment total assets	<u>\$ 16,228,969</u>	<u>\$ 8,875,329</u>	<u>\$ 1,381,290</u>	<u>\$ 198,503</u>	<u>(\$ 11,894,494)</u>	<u>\$ 14,789,597</u>
Segment assets including:						
Investment which is adopting equity method	\$ 4,626,720	\$ 1,252,912	\$ 19,271	\$ 38,716	(\$ 5,549,761)	\$ 387,858
Capital expenditure of non-current asset	<u>88,355</u>	<u>69,400</u>	<u>43,230</u>	<u>-</u>	<u>-</u>	<u>200,985</u>
Segment total liabilities	<u>\$ 4,639,495</u>	<u>\$ 1,823,050</u>	<u>\$ 1,341,024</u>	<u>\$ 217,332</u>	<u>(\$ 2,481,847)</u>	<u>\$ 5,539,054</u>
	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Six months ended June 30, 2022</u>						
Revenue from external customers	\$ 1,256,063	\$ 1,416,543	\$ 788,390	\$ 47,712	\$ -	\$ 3,508,708
Revenue from internal customers	<u>1,652,005</u>	<u>255,274</u>	<u>5,744</u>	<u>-</u>	<u>(1,913,023)</u>	<u>-</u>
Segment revenue	<u>\$ 2,908,068</u>	<u>\$ 1,671,817</u>	<u>\$ 794,134</u>	<u>\$ 47,712</u>	<u>(\$ 1,913,023)</u>	<u>\$ 3,508,708</u>
Segment (loss) income	<u>(\$ 5,132)</u>	<u>\$ 29,283</u>	<u>(\$ 50,699)</u>	<u>(\$ 58,783)</u>	<u>\$ 212,286</u>	<u>\$ 126,955</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 258,574	\$ 46,090	\$ 11,626	\$ -	(\$ 2,869)	\$ 313,421
Interest income	<u>5,178</u>	<u>31,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,377</u>
Interest expense	<u>(17,163)</u>	<u>(679)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,842)</u>
Income tax expense	<u>351,132</u>	<u>6,364</u>	<u>508</u>	<u>-</u>	<u>-</u>	<u>358,004</u>
Investment profit or loss which is adopting equity method	<u>(243,658)</u>	<u>10,588</u>	<u>(53,274)</u>	<u>(48,749)</u>	<u>333,463</u>	<u>(1,630)</u>
Segment total assets	<u>\$ 17,739,201</u>	<u>\$ 8,473,427</u>	<u>\$ 1,088,595</u>	<u>\$ 245,245</u>	<u>(\$ 12,418,295)</u>	<u>\$ 15,128,173</u>
Segment assets including:						
Investment which is adopting equity method	\$ 5,220,854	\$ 1,172,214	\$ 156,982	\$ 155,586	(\$ 6,677,070)	\$ 28,566
Capital expenditure of non-current asset	<u>207,402</u>	<u>7,139</u>	<u>1,842</u>	<u>-</u>	<u>-</u>	<u>216,383</u>
Segment total liabilities	<u>\$ 5,293,964</u>	<u>\$ 1,650,339</u>	<u>\$ 926,785</u>	<u>\$ 106,903</u>	<u>(\$ 2,216,151)</u>	<u>\$ 5,761,840</u>

For the three months and six months ended June 30, 2023 and 2022, sales to Europe and America of reporting department-Taiwan amounted to \$125,708, \$112,813, \$332,197 and \$309,799, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$541,239, \$430,854, \$1,043,474 and \$786,086, respectively.

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The reportable segment income or loss is in accordance with the income before tax from continuing operations for the six months ended June 30, 2023 and 2022.

TCI CO., LTD.
Loans to others
Six months ended June 30, 2023

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 six months ended June 30, 2023 (Note 3)	Balance at June 30, 2023	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	\$ 6,950	\$ 6,950	\$ 6,950	2.00%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 8,053	\$ 8,053	Notes 5 and 6
2	SHANGHAI BIOFUNCTION CO., LTD.	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 346,320	\$ 346,320	\$ 32,115	1.20%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 404,633	\$ 404,633	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 six months ended June 30, 2023. The amount is calculated at the closing rate of USD\$1:NTD\$30.4500, 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.

Provision of endorsements and guarantees to others

Six months ended June 30, 2023

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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TCI CO., LTD.	TCI BIOTECH LLC	2	\$ 2,297,282	\$ 15,570	\$ 15,570	\$ 15,570	\$ -	0.20	\$ 3,828,804	Y	N	N	Note 3
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	\$ 2,297,282	140,130	140,130	140,130	-	1.83	\$ 3,828,804	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 30% 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.

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

Six months ended June 30, 2023

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 June 30, 2023				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	\$ 6,852	0.11	\$ 6,852	
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	
MAXIGEN BIOTECH INC.	TCI CO., LTD.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,531,000	449,253	2.14	449,253	
TCI CO., LTD.	NuVasive INC	None	Financial assets at fair value through profit or loss - current	700	906	0.00	906	
TCI CO., LTD.	SEIKAGAKU CORPORATION	None	Financial assets at fair value through profit or loss - current	78,500	12,591	0.14	12,591	
TCI CO., LTD.	LIFEVANTAGE	None	Financial assets at fair value through profit or loss - current	61,425	8,321	0.48	8,321	
TCI CO., LTD.	Abnova Holding Corporation	None	Financial assets at fair value through profit or loss - current	3,097,000	111,337	5.11	111,337	

TCI CO., LTD.

Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital

Six months ended June 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities bought by	Marketable securities	General ledger account	Counterparty	Relationship	As of January 1, 2023		Bought		sold		As of June 30, 2023	
					Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
MAXIGEN BIOTECH INC.	TCI CO., LTD.	Financial assets at fair value through other comprehensive income - non-current	None	None	-	\$ -	2,531,000	\$ 500,585	-	\$ -	2,531,000	449,253

TCI CO., LTD.

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

Six months ended June 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	487,887	(20.32)	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.	\$ 216,369	13.92	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD	Subsidiary	(Sales)	160,970	(6.70)	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.	25,365	1.63	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	572,314	(23.84)	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.	717,670	46.16	

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.

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

Six months ended June 30, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty		Balance as at June 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	Accounts receivable	\$ 216,369	0.15	-	-	\$ 216,369	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	717,670	0.51	-	-	717,670	-
TCI BIOTECH LLC	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	Accounts receivable	133,911	0.10	-	-	133,911	-
TCI BIOTECH USA LLC	TCI BIOTECH USA LLC	Subsidiary	Accounts receivable	110,606	0.08	-	-	110,606	-

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.

Significant inter-company transactions during the reporting periods

Six months ended June 30, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 160,970	The prices and terms of sales and purchases are available to third parties.	4.19
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	25,365	Payment for shipment within 180 days are received in advance	0.17
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	487,887	The prices and terms of sales and purchases are available to third parties.	12.70
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	216,369	The prices and terms of sales and purchases are available to third parties.	1.46
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	572,314	The prices and terms of sales and purchases are available to third parties.	14.90
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	717,670	The prices and terms of sales and purchases are available to third parties.	4.84
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Accounts receivable	133,911	The prices and terms of sales and purchases are available to third parties.	0.90
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	3	Sales of goods	206,922	The prices and terms of sales and purchases are available to third parties.	5.39
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	3	Accounts receivable	48,685	The prices and terms of sales and purchases are available to third parties.	0.33

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.
Information on investees
Six months ended June 30, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six months ended June 30, 2023	Investment income(loss) recognised by the Company for the six months ended June 30, 2023	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	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	\$ 2,516,735	\$ 77,973	\$ 77,973	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	32,963	32,963	11,096,692	41.94	403,578	7,881	3,305	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	24,457	5,035	5,035	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	300	3.85	1,549 (	36,164) (	1,391)	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,028	13	13	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	4,490 (	4,278) (	4,278)	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	82	-	-	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	210,955	210,955	6,592,950	100.00 (	18,829) (	37,927) (	37,927)	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	4,090 (	547) (	84)	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	7,474 (	348) (	348)	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	566,755	106,798	17,688	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	180,000	180,000	1,800,000	60.00	4,305 (	9,002) (	5,401)	None
TCI CO., LTD.	VEGAN JOY GLOBAL COMPANY LIMITED	Taiwan	Wholesale and retail of food, grocery and beverage	3,800	3,800	380,000	19.00	1,813 (	4,417) (	839)	None
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	U.S.A	Trading health foods and cosmetics	207,588	207,588	7,500	96.15	38,716 (	36,164) (	34,773)	None
TCI BIOTECH LLC	TCI BIOTECH LLC USA	U.S.A	Producing and manufacturing health foods and cosmetics	207,588	207,588	7,500	100.00	19,271 (	44,314) (	44,314)	None

TCI CO., LTD.
Information on investees
Six months ended June 30, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six months ended June 30, 2023	Investment income(loss) recognised by the Company for the six months ended June 30, 2023	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	768	-	-	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	76,128	21,491	16,456	None
GENE & NEXT INC.	ASIA PATHOGENOMIC CO., LTD.	Taiwan	Wholesale of chemical industrial and medical devices	24,000	24,000	1,600,000	20.00	17,953 (	12,970) (	2,594)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,108 (	64) (	64)	None
MAXIGEN BIOTECH INC.	HORAY INC.	Taiwan	Trading of cosmetics and beauty care products	5,000	5,000	500,000	100.00	8,479 (	32) (	32)	None

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

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

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at June 30, 2023' 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 six months ended June 30, 2023' 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 six months ended June 30, 2023' 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 June 30, 2023.

TCI CO., LTD.
Information on investments in Mainland China
Six months ended June 30, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee as of June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2023	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	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	\$ 77,801	100.00	\$ 77,801	\$ 2,592,950	\$ 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	-	-	-	-	73,205	100.00	73,205	2,222,774	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	-	56	100.00	56	152,748	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	115,493	100.00	115,493	2,023,164	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	-	239	100.00	239	44,785	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	8,916	Note 3	8,916	-	-	8,916	(945)	79.31	(749)	1,327	-	Note 5 Note 6
Hekang Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	USD\$1800	Note 3	58,193	-	-	58,193	(3,241)	100.00	(3,241)	(26,121)	-	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 June 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 692,000	\$ 5,550,326
TCI FIRSTEK CORP.	15,440	15,440	1,556,474
MAXIGEN BIOTECH INC.	58,193	56,052	789,769
TCI LIVING CO., LTD.	8,916	31,484	56,036

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presented at RMB\$1 : NTD\$4.2820, USD\$1 : NTD\$31.1400; income presented at RMB\$1 : NTD\$4.4037, USD\$1 : NTD\$30.5584;

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.

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

Six months ended June 30, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others	
	Amount	%	Amount	%	Balance at June 30, 2023	%	Balance at June 30, 2023	Purpose	Maximum balance during the six months ended June 30, 2023	Balance at June 30, 2023	Interest rate	Interest during the six months ended June 30, 2023		
SHANGHAI BIOTRADE CO., LTD.	\$ 160,970	(6.70)	\$ -	-	\$ 25,365	1.63	\$ -	-	\$ -	-	\$ -	-	\$ -	-
SHANGHAI BIOFUNCTION CO., LTD.	487,887	(20.32)	-	-	216,369	13.92	-	-	-	-	-	-	-	-

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.