



2021 年度年報



TCI 大江生醫
股份有限公司
Integrated Bioscience Design



2022年5月20日刊印

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5. Name of the exchange where the overseas marketable securities are listed and how to check the information of the overseas marketable securities: Not applicable

6. Company website: <http://www.tci-bio.com>

TCI Co., Ltd.

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I. Letter to Shareholders

Dear Shareholders,

Every year, every day, every step, TCI people should strive to "join & delight consumer's life" and take care of their own health at the same time! We will maintain our business policy of "making good products, bring the customer to the world, and bring the world to the customer" in 2021, and implement it thoroughly.

We will actively expand our business units to expand our global sales force by 3-5 times to more than 300 people, and use our internal app and CRM system to make it easier for our sales force to sell the products of TCI, MBI, TCI Gene, TCI Living, and other affiliated companies or strategic partners to truly achieve our mission of "join & delight consumer's life" through integrated bioscience design trading company.

At the same time, we will seek good merger and acquisition opportunities to build a biotechnology alliance in Taiwan, so that we can become the world's No. 1 health food and health care product CDMO at the fastest speed through "globalized horizontal merger and acquisition." At the same time, we will also carry out "biotechnology-focused diversification strategy merger and acquisition" to complete the integrated bioscience design trading company, so that the business can be better integrated through the sale of diversified products.

In 2022, we will invest in our employee health program, starting with directors and senior executives. With TCI Gene's technology, they can store stem cells for use when needed and so that our high-tech services can be realized in the lives of our employees and make them healthier.

TCI will continue to strive to be the world's No. 1 integrated bioscience design trading company with revenue of over 200 billion yuan.

2021 Financial Performance

1. Operational Results

Unit: NT\$ thousands

TCI Co., Ltd.				
Consolidated Income Statement				
Item	2021	2020	Difference	%
Net Revenue	8,580,103	8,223,851	356,252	4%
Cost of Revenue	(4,855,271)	(4,634,123)	(221,148)	5%
Gross Profit	3,724,832	3,589,728	135,104	4%
Operating Expenses	(1,994,975)	(1,571,923)	(423,052)	27%
Income from Operations	1,729,857	2,017,805	(287,948)	-14%
Other Operating Income and Expenses	279,594	180,416	99,178	55%
Income before Income Tax	2,009,451	2,198,221	(188,770)	-9%
Income Tax Expenses	(393,450)	(345,483)	(47,967)	14%
Net Income	1,616,001	1,852,738	(236,737)	-13%

2. Analysis of Financial Performance

- (1) In 2021, TCI's net revenue was NT\$8.580103 billion, up 4% from NT\$8.223851 billion in 2020; the income from operations was NT\$1.729857 billion, down 14% from NT\$2.017805 billion in 2020; the net income was NT\$1.616001 billion, down 13% from NT\$1.852738 billion in 2020.
- (2) In 2021, the gross profit margin was 43.41%, a decrease of 0.24% from 43.65% in 2020; the operating income margin was 20.16%, a decrease of 4.38% from 24.54% in 2020; the profit margin was 18.83%, a decrease of 3.7% from 22.53% in 2020.
- (3) In 2021, the earnings per share was NT\$13.17, down 16.1% from NT\$15.69 in 2020.

Chairman: Yung-Hsiang Lin



CEO: Yung-Hsiang Lin



Accounting Manager: Chen-Chen Fu



II. Company Profile

1. Date of Incorporation

August 22, 1980

2. Brief history of the Company

Year	Milestone
1980	◆ (August) Ta Chiang International Co., Ltd. was established with a paid -in capital of NT\$ 6,000, initially engaging in import and export trade of various commodities at home and abroad.
1999	◆ TCI Biomedical Department was established.
2002	◆ TCI Co., Ltd obtained “National Golden Award for Quality Guarantee”.
2004	◆ TCI Co., Ltd established a subsidiary, “First International Technology Co., Ltd.”.
2005	◆ (April) The company name was changed to M/S. TCI Co., Ltd. ◆ (September) First International Technology Co., Ltd. invested in BioTrade, Shanghai BioTech Group.
2006	◆ (August) After the capital increased by cash of NT\$ 10,000,000, the paid-in capital became NT\$ 53,800,000.
2007	◆ TCI Co., Ltd. obtained ISO 9001 and ISO 22000 certification. ◆ TCI Co., Ltd. created the product CV for each product, revealing the transparent manufacturing process. ◆ (August) After the capital increased by cash of NT\$ 10,000,000, the paid-in capital became NT\$ 63,800,000.
2008	◆ (April) TCI Co., Ltd. established S1 factory in Wugu, Taipei County. ◆ TCI Co., Ltd. obtained a patent for the “Body Care Compose Set.” ◆ TCI Co., Ltd. obtained the International HACCP Certification. ◆ TCI Co., Ltd. implemented the “Enterprise Innovation Research and Development Program (SBIR)” supported by the Ministry of Economic Affairs. ◆ TCI Co., Ltd. established a food packaging factory in Shanghai, China. ◆ (April) After the capital increased by cash of NT\$ 10,000,000, the paid-in capital became NT\$ 73,800,000.
2009	◆ TCI Co., Ltd. obtained the 12th Little Giant Award from Ministry of Economic Affairs, Taiwan. ◆ TCI Co., Ltd. established the Beijing office. ◆ After the capital increased by cash of NT\$ 5,000,000 and the capitalization of retained earnings transferred to capital of NT\$ 7,380,000 had been implemented, the paid-in capital had become NT\$ 86,180,000.
2010	◆ Taipei S1 factory obtained GMP certification. ◆ (May) TCI Co., Ltd. established TCI (Taiwan) PABP BRANCH in Pingtung Agricultural Biotechnology Park. ◆ After the capital increased by cash of NT\$ 10,000,000 and the capitalization of retained earnings transferred to capital of NT\$ 53,820,000 had been implemented, the paid-in capital had become NT\$ 150,000,000.

Year	Milestone
2011	<ul style="list-style-type: none"> ◆ TCI (Taiwan) PABP BRANCH started its business. ◆ TCI Co., Ltd. passed the selection of Taiwan Intellectual Property Management System (TIPS) held by the Institute for Information Industry, R.O.C. (Taiwan). ◆ (February) One of TCI's affiliates, First Tek Corp., whose name was revised as TCI Firstek Corp. ◆ (July) After the capitalization of retained earnings transferred to capital of NT\$ 45,000,000 had been implemented, and the capitalization of employee bonuses transferred to capital of NT\$ 5,420,000. The paid-in capital became NT\$ 200,420,000. ◆ (July) TCI Gene Inc. was established by TCI Co., Ltd. ◆ (August) TCI Co., Ltd. filed for registration of a case of initial public issuance of stock and received the approval from the Taipei Exchange (TPEX). ◆ (September) One of TCI's affiliates, BioScience, Shanghai BioTech Group, had been established by BioTrade, Shanghai BioTech Group. ◆ (September) TCI (Taiwan) PABP BRANCH obtained the ISO 22000:2005 certification. ◆ (October) The E.V.E. Lab obtained the ISO17025:2005-TAF Certification. ◆ (October) TCI (Taiwan) PABP BRANCH obtained the GMP certification managed by TQF (Taiwan Quality Food) Association. ◆ (December) After the capital increased by cash of NT\$ 26,000,000, the paid-in capital became NT\$ 226,420,000.
2012	<ul style="list-style-type: none"> ◆ (February) TCI Co., Ltd. started its emerging stock on the Taipei Exchange (TPEX). ◆ (May) One of TCI's affiliates, BioFunction, Shanghai BioTech Group, was established by TCI Co., Ltd. ◆ (July) After the issuance of employee stock option certificates of 365,000 shares, the paid-in capital became NT\$ 230,070,000. ◆ (August) After the capitalization of retained earnings transferred to capital of NT\$ 67,926,000 was implemented, the paid-in capital became NT\$ 297,996,000. ◆ (December) One of TCI's affiliates, BioCosme, Shanghai BioTech Group, was established by BioTrade, Shanghai BioTech Group.
2013	<ul style="list-style-type: none"> ◆ (January) One of TCI's affiliates, TCI HK LIMITED was established by TCI Co., Ltd, and GeNext HK LIMITED was established by TCI HK LIMITED after the establishment of TCI HK LIMITED. ◆ (January) TCI Co., Ltd. started the industry-academia collaboration project with China Medical University, Taiwan. ◆ (February) The S1 factory obtained the FSSC22000 certification. ◆ (February) TCI (Taiwan) PABP BRANCH obtained the FSSC22000 certification. ◆ After the issuance of employee stock option certificates of 680,000 shares, the paid-in capital had become NT\$ 304,796,000.

Year	Milestone
2014	◆ (August) After the capitalization of retained earnings transferred to capital of NT\$ 89,438,000 had been implemented, the paid-in capital had become NT\$ 394,234,000.
	◆ (September) TCI Co., Ltd. started its initial listing on the Taipei Exchange (TPEX). After the capital increased by cash (NT\$ 44,570, 000) prior to the initial listing, the paid-in capital had become NT\$ 438,804,000.
	◆ (October) TCI Co., Ltd. obtained the 22 th National Award of Outstanding SMEs held by the Small and Medium Enterprise Administration, Ministry of Economic Affairs.
	◆ (April) TCI Co., Ltd. signed a memorandum of understanding (MOU) with DAIDO Pharmaceutical Corp.
	◆ (April) TCI Co., Ltd. obtained 2 gold medals, 1 silver medal, and 2 bronze medals, and 1 special prize at the Geneva International Exhibition of Inventions.
	◆ (July) The S7 factory, the facial mask factory of BioCosme, Shanghai BioTech Group, started its operation.
2015	◆ (August) After the issuance of employee stock option certificates of 562,000 shares and the capitalization of retained earnings transferred to capital of NT\$ 65,821,000 had been implemented, the paid-in capital became NT\$ 510,244,000.
	◆ (October) After the capital increased by private replacement of NT\$ 46,000,000, the paid-in capital became NT\$ 556,244,000.
	◆ (April) TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and the Best Invention of the Far East award at the Invention & New Product Exposition (INPEX).
	◆ (May) TCI Co., Ltd. obtained the Meiyi award for its Cell Young [®] Snowlotus Bio-cellulose Mask.
	◆ (August) After the issuance of employee stock option certificates of 16,000 shares and the capitalization of retained earnings transferred to capital of NT\$ 55,624,000 had been implemented, the paid-in capital had become NT\$ 612,028,800.
	◆ (September) The S9 factory, our second factory in the Pingtung Agricultural Biotechnology Park, started its operation.
	◆ TCI Co., Ltd. was named on the list of 3 rd Mitte stand firms recognized by the Ministry of Economic Affairs.
	◆ Our general manager, Yung-Hsiang Lin, was recognized as one of the 53 th Ten Outstanding Young Persons in Taiwan.
	◆ The S5 factory obtained the NSF/BRC certification and the Sedex certification.
	◆ The S7 factory obtained the ISO 9001 certification, the ISO 14001 certification, and the OHSAS 18001 certification.
◆ TCI Co., Ltd. obtained the Innovation Prize for personal care and cosmetic products in China (classified in the category: anti-aging materials).	

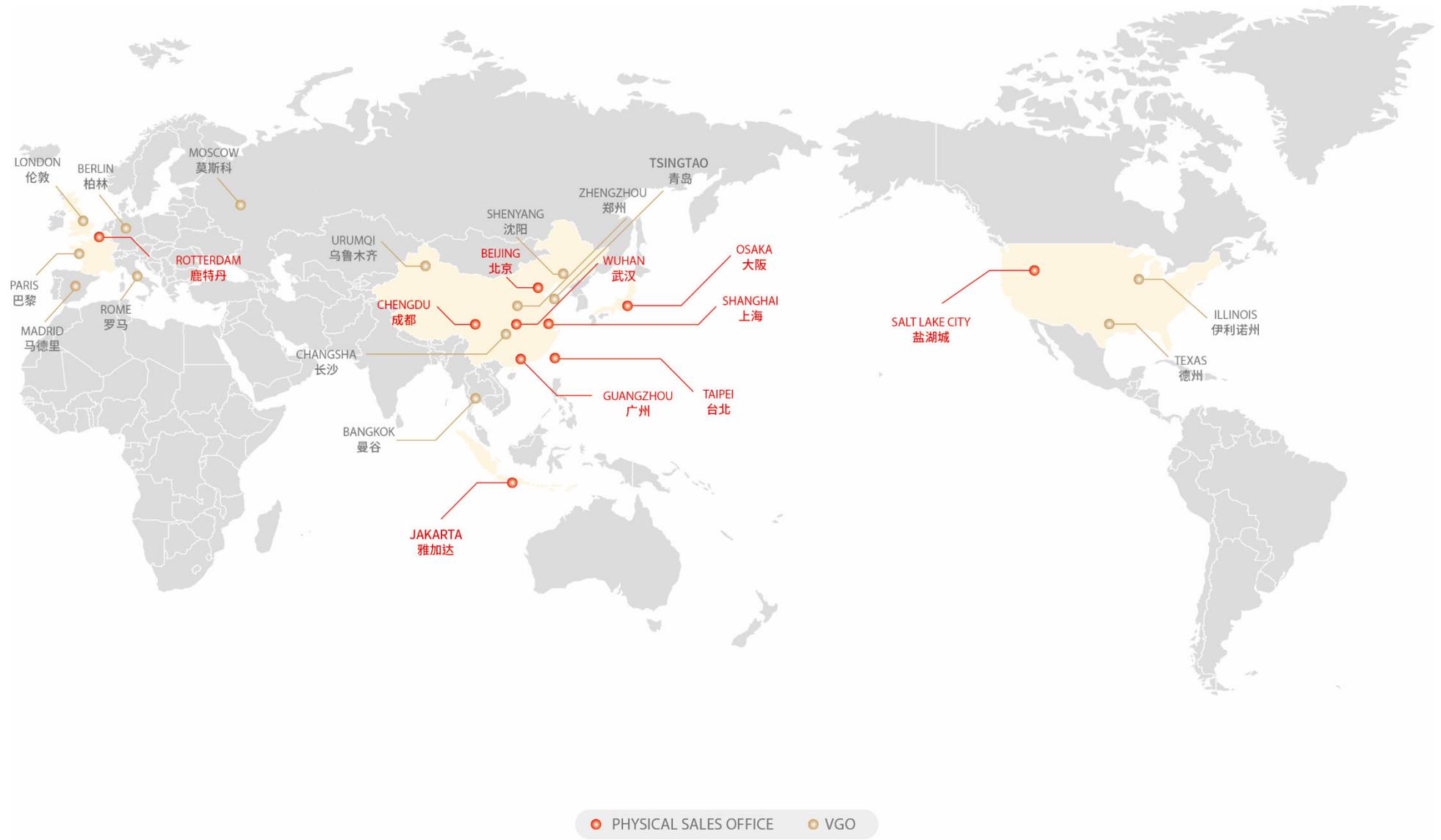
Year	Milestone
2016	<ul style="list-style-type: none"> ◆ TCI Co., Ltd. obtained 1 bronze medal and 1 special prize at the iENA Nuremberg. ◆ TCI Co., Ltd. obtained iF Design Award 2015 by the beverage display carrier box for AQUAGEN. ◆ (February) TCI Co., Ltd. obtained the Innovation Prize for personal care and cosmetic products in China (classified in the category: functional materials). ◆ (April) The S8 factory, the functional beverage factory of BioFunction, Shanghai BioTech Group, started its operation. ◆ (April) TCI Co., Ltd. was named on the top 20% list of the 2nd Corporate Governance Evaluation for TWSE/TAPEX Listed Companies (1,447 companies joined this evaluation). ◆ (May) TCI Co., Ltd. was named on the list of Taiwan Top 2000 recognized by the Common Wealth Magazine: ranked 49th in the annual growth rate of annual revenue; ranked 216th in the net profit margin; and ranked 932th in the annual revenue. ◆ (August) After the issuance of employee stock option certificates of 329,539 shares and the capitalization of retained earnings transferred to capital of NT\$ 78,332,000 had been implemented, the paid-in capital became NT\$ 75,369,800. ◆ (November) Our general manager, Yung-Hsiang Lin, obtained the EY Entrepreneur of The Year Taiwan (Excellence in Innovation). ◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals and 1 excellence prize at the 44th Geneva International Exhibition of Inventions. ◆ TCI Co., Ltd. obtained 2 gold medals, 1 silver medal and 1 special prize at the 31th Invention & New Product Exposition (INPEX). ◆ TCI Co., Ltd. obtained 1 gold medal, 1 silver medal and 1 special prize at the 30th World Genius Convention and Education Expo. ◆ TCI Co., Ltd. obtained 2 gold medals, 1 silver medal and 1 special prize at the Seoul International Invention Fair (SIIF). ◆ TCI Co., Ltd. obtained 2 Meiyi awards.
2017	<ul style="list-style-type: none"> ◆ (April) TCI Co., Ltd. was named on the top 20% list of the 3rd Corporate Governance Evaluation for TWSE/TAPEX Listed Companies (1,496 companies joined this evaluation). ◆ (May) TCI Co., Ltd., BioCosme PABP BRANCH had been established. ◆ (July) After the issuance of employee stock option certificates of 16,000 shares and the capitalization of retained earnings transferred to capital of NT\$ 113,432,000 had been implemented, the paid-in capital had become NT\$ 870,117,000. ◆ (October) The S11 factory started its operation. ◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and 2 special prizes at the 2017 Geneva International Exhibition of Inventions. ◆ TCI Co., Ltd. obtained 1 gold medal and 3 silver medals at the Concours Lépine International Paris 2017.

Year	Milestone
2018	◆ TCI Co., Ltd. obtained 1 gold medal and 1 special prize at the 2017 Invention & New Product Exposition (INPEX).
	◆ TCI Co., Ltd. obtained 1 gold medal and 2 silver medals at the 2017 XIX Moscow International Salon of Inventions and Innovative Technologies (Archimedes).
	◆ TCI Co., Ltd. obtained 1 gold medal, 1 silver medal and 1 special prize at the 31 th World Genius Convention and Education Expo.
	◆ The Indonesia Office of TCI Co., Ltd. started its operation.
	◆ The branch company of TCI Co., Ltd. had been established in the Utah State, the United States.
	◆ Shanghai BioTech Group was recognized as one of the most influential enterprises at the Healthplex Expo and Natural & Nutraceutical Products China 2017 (HNC).
	◆ TCI Co., Ltd. obtained the best award for biotechnology companies in Taiwan: the Outstanding Company of the Year.
	◆ TCI Co., Ltd. is first on the Forbes Asia's 200 Best Under A Billion List.
	◆ TCI Co., Ltd. obtained the 4 th Taiwan Mittelstand Award held by the Ministry of Economic Affairs.
	◆ The S11 factory obtained the ECOCERT - COSMOS [®] ORGANIC certification.
	◆ (April) TCI Co., Ltd. was named on the top 20% list of the 4 th Corporate Governance Evaluation for TWSE/TAPEX Listed Companies (1,539 companies joined this evaluation).
	◆ (July) After the capitalization of retained earnings transferred to capital of NT\$ 130,518,000 had been implemented, the paid-in capital became NT\$ 1,001,219,000.
	2019
◆ TCI Co., Ltd. obtained 1 gold medal, 2 silver medals, and 1 special prize at the 2018 Silicon Valley International Invention Festival.	
◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals and 1 special prize at the 2018 World Genius Convention and Education Expo.	
◆ TCI Co., Ltd. established a subsidiary in Japan.	
◆ TCI Co., Ltd. obtained 1111 Happy Enterprise Award.	
◆ TCI Co., Ltd. obtained the Outstanding Business Award at the 25 th National Quality Award.	
◆ TCI Co., Ltd. was named in the "Top 100 Fast-Growing Companies" with "Top-ranked profit" by CommonWealth Magazine.	
◆ TCI Co., Ltd. ranked in 5% of TWSE listed companies in the Corporate Governance Evaluation.	
◆ TCI Co., Ltd. was named in 5 th place of top 50 companies with best business performance in Top 2000 Survey by CommonWealth Magazine.	
◆ TCI Co., Ltd. was named in 4 th place in the Medium-Size Enterprise Group at 2019 Excellence in Corporate Social Responsibility Award	

Year	Milestone
2020	<ul style="list-style-type: none"> ◆ TCI Co., Ltd. was named in 9th place in the Little Giant Group at 2019 Excellence in Corporate Social Responsibility Award ◆ TCI Co., Ltd. was named in the list of top 500 excellent manufacturers and traders of agricultural biotechnology industry in Business Startup Group in National Innovation Award (for the Double Nutri technology) ◆ TCI Co., Ltd. obtained a Silver Award at the Green World Awards. ◆ TCI Co., Ltd. obtained Eco Vadis Silver Corporate Social Responsibility (CSR) Medal. ◆ TCI Co., Ltd. obtained the Green World Award and was recognized as the Green World Ambassador in 2020. ◆ TCI Co., Ltd. established a BSL-2 laboratory for food pathogen testing and the advancement of professional testing. ◆ TCI Co., Ltd. obtained invention awards in various international events (in Geneva, the US, Canada, the UK, Germany, Japan, Korea, Russia, etc.). ◆ In 2019, TCI Co., Ltd. obtained 69 international invention awards: <ul style="list-style-type: none"> ◆ 3 gold medals, 3 bronze medals and 1 special award at Geneva International Exhibition of Inventions; ◆ 4 gold medals, 3 silver medals and 1 special award at the 33rd World Genius Convention and Education Expo; ◆ 3 gold medals, 2 silver medals, 1 bronze award and 2 special awards at the Silicon Valley International Invention Festival; ◆ 11 gold medals and 12 special awards at the British Invention Show; ◆ 5 gold medals and 5 special awards at the International Invention Innovation Competition in Canada ◆ 1 silver medal, 2 bronze medals and 1 special award at the iENA 2019 international trade fair; ◆ 2 gold medals, 4 silver medals, 2 bronze medals and 1 special award at the Seoul International Invention Fair. ◆ TCI Co., Ltd. established a subsidiary in the Netherlands. ◆ TCI Co., Ltd. was listed in Asia200 Best Under A Billion by Forbes ◆ TCI Co., Ltd. was named in 1st place in the Medium-Size Enterprise Group at 2020 Excellence in Corporate Social Responsibility Award ◆ TCI Co., Ltd. became the only private commercial organization selected as one of the top ten Popular Science Bases in Taiwan at the 1st Taiwan Science Festival organized by the MOE, Taiwan ◆ TCI Co., Ltd. obtained awards at the 17th National Innovation Award (the Excelsior Award for double2NUTRI® and National Innovation Award for QVS-96S in the Epidemic Prevention Technology Category) ◆ Youth Cultivation Project <ul style="list-style-type: none"> — Cultivation of future biotech talents -Organized the 2020 Dasheng Cup Biotechnology Creative Product Proposal Competition (January) and a summer training camp for new functional food production lines (July-September) — Hosted a 24-hour Future Literacy Education with PaGamO

Year	Milestone
2021	<ul style="list-style-type: none"> – 2020 Bio and Raw Material Manufacturing Innovation Golden Brain Award with Food Industry Development Institute ◆ TCI Co., Ltd. obtained 47 gold medals, 5 silver medals, 4 bronze medals and 37 special prizes in various international events (in Geneva, the US, Canada, the UK, Germany, Japan, Korea, etc.): ◆ 8 gold medals and 4 silver medals at the 34th World Genius Convention and Education Expo; ◆ 13 gold medals and 13 special awards at the British Invention Show; ◆ 13 gold medals and 14 special awards at the International Invention Innovation Competition in Canada; ◆ 1 silver medal and 4 bronze medals at the Seoul International Invention Fair ◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and 1 special prize at 2021 Geneva International Exhibition of Inventions ◆ TCI Co., Ltd. obtained 2 gold medals at 35th World Genius Convention and Education Expo ◆ TCI Co., Ltd. earned a position in the Top 500 High-Growth Companies in Asia-Pacific 2021, ranking no.1 among Taiwan nutraceutical companies. TCI Co., Ltd. became the first biotech company in Asia whose climate goals are validated by SBTi. ◆ 2021 iCAN International Invention Innovation Competition (gold and special awards) Emerald Cherry, Wild Cherry Blossom, Green Papaya Enzyme, Golden Formula Prebiotics ◆ 2021 Seoul International Invention (Korea) (December) (silver medal) TCI711, TCI837, Dandelion Flower Extract, Crystal Roselle, Versailles Currants (bronze medal) TCI275, Blood Peach Extract ◆ 2021 18th National Innovation Award Double 2 NUTRI® ◆ 2021 Nutraceutical Innovation Award (Awarded by: Health Food Society of Taiwan) NMN Yeast, TRILLION PROBIO™ ◆ 2021 CBE - MEIYI Award (Best Health Food R&D and Manufacturing Company) BioScience, Shanghai BioTech Group (best raw material) TCI633 (best product) HA Moisturizing Collagen Drink ◆ 2021 World Plant Based Awards (Best Plant-Based Functional Product) Golden Formula ◆ 2021 New Nutrition Business® China Annual Meeting ◆ 2021 NHEC (Outstanding Enterprise of Industry Innovation and Social Responsibility)

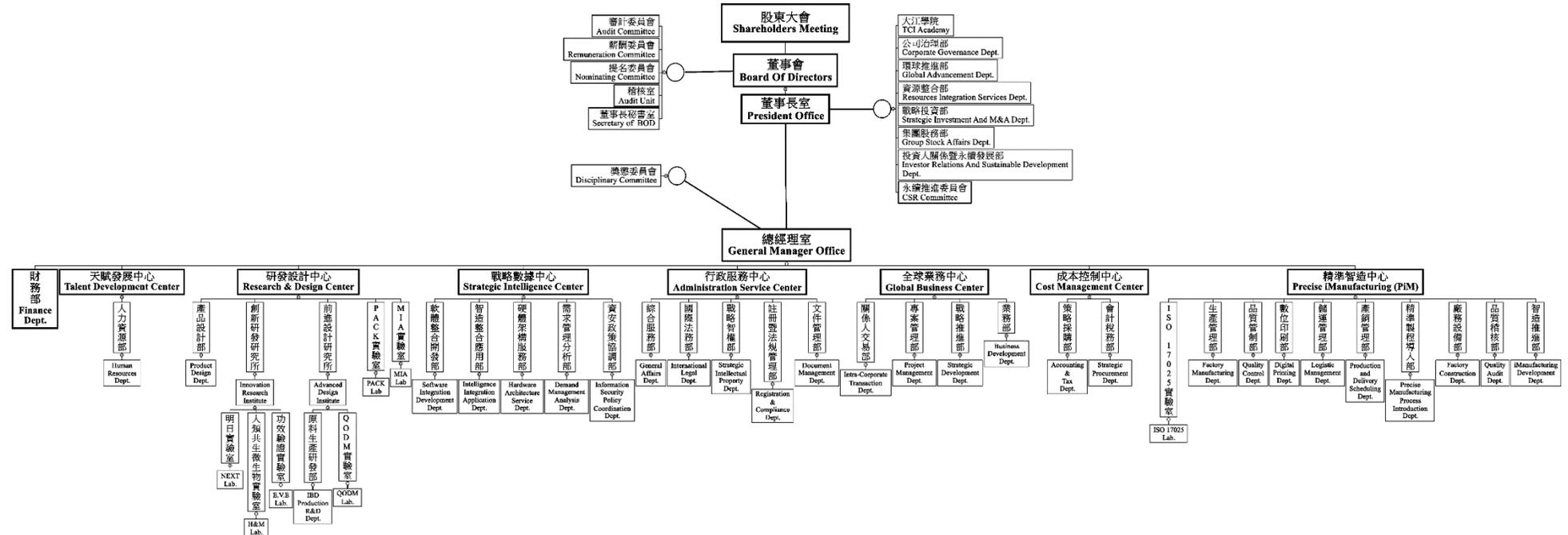
3. Global Offices of TCI Group



III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Responsibilities of each department

Department/ Center	Responsibilities
International Audit Dept.	<ol style="list-style-type: none"> 1. Planning and formulating various audit policies and procedures, including internal audit regulations, internal audit implementation rules, and internal audit operation manuals 2. Proposing audit plans, performing audits of each department, submitting audit reports, and tracking improvements
Remuneration Committee	<p>In a professional and objective fashion, the Remuneration Committee is responsible for evaluating the remuneration policies and systems of the company, providing advice to the Board of Directors to assist the Board in assessing the link between the salary level of the company's directors, supervisors and managers and the company's operating performance.</p>
Audit Committee	<p>The Audit Committee is responsible for monitoring the accounting/financial reports of the company and assessing the management of major assets and the issuance of securities.</p>
Nominating Committee	<p>The Nominating Committee is responsible for nominating the candidates for the Board and executive management.</p>
Disciplinary Committee	<p>The Disciplinary Committee, playing an important role in the company's internal management, is responsible for establishing a comprehensive system for employee rewards and punishment to realize the company philosophy of open rewards and punishments, rationally deal with disputes, and protect employees' rights.</p>
General Manager Office	<ol style="list-style-type: none"> 1. The chief staff department to assist the General Manager 2. Assisting in planning business strategies and policies, and coordination of business affairs and labor 3. Commanding, coordinating, and managing production lines to meet the company's operating goals and customer needs in a timely manner 4. Coordinating relevant departments to provide timely support to facilitate smooth production. 5. Supervising the Quality Audit Department, which is in charge of planning, performing, and monitoring internal quality audits and affairs concerning factory certification 6. Supervising the Strategic Procurement Department and Marketing Department in raw/packaging material management and marketing strategies 7. Stock operations and operations of the Board of directors and shareholders' meetings
Finance Dept.	<p>Financial management, including financial planning and analysis, fundraising and investment decision-making and fund management</p>
Research & Design Center	<ol style="list-style-type: none"> 1. Design and development of new products 2. Product improvement 3. Producing samples that meet customers' requirements 4. Verification of product efficacy 5. Verification of product quality

Department/ Center	Responsibilities
	<ol style="list-style-type: none"> 6. Patent application 7. Sample specification review 8. Search and development of raw materials 9. Research and development of dosage forms, product specifications, functions and efficacy
Talent Development Center	<ol style="list-style-type: none"> 1. Planning and execution of recruitment and retention of employees 2. Planning and coordination of labor and organizations 3. Staff resignation, recruitment and employment and salary accounting 4. Planning and execution of employee training and development 5. Establishment and implementation of the reward system 6. Management and implementation of labor pension, labor and health insurance and other welfare measures 7. Establishment and implementation of management regulations and human resources-related systems 8. Planning and execution of employee performance appraisal and promotion 9. Assessment and management of employee attendance 10. Maintaining and strengthening employee care and employee relations
Administration Service Center	<ol style="list-style-type: none"> 1. Overall management of company personnel affairs, general affairs and legal affairs. 2. Procurement of office supplies 3. Management of labor and health insurance 4. Planning and establishment of management rules and regulations 5. Planning and arrangement of business trips and expense audits 6. Numbering and management of corporate assets 7. Document management 8. Contract review 9. Collection of cosmetics and food-related laws and regulations
Global Business Center	<ol style="list-style-type: none"> 1. Business planning and development 2. Order review and signing 3. Handling of customer complaints, customer visits, timely provision of items required by customers 4. Attending exhibitions at home and abroad 5. Product design 6. Marketing
Precise iManufacturing (PiM) Rock Park Golden Hill Park	<ol style="list-style-type: none"> 1. Planning of manufacturing processes and product manufacture 2. Planning and control of production schedules 3. Production, manufacture and management of products and monitoring of manufacturing processes 4. Warehousing, transportation and management of raw/packaging materials, semi-finished products, and finished products 5. Equipment automation and process improvement management 6. Quality control, IQC, IPQC (manufacture and packaging), FQC, and material acceptance

Department/ Center	Responsibilities
	<ol style="list-style-type: none"> 7. Analysis of defective products, analysis of customer complaints, and handling of customer complaints 8. Tracking and handling problems concerning abnormal product quality and taking preventive measures 9. Establishment, execution and maintenance of the quality system 10. Execution and management of instrument calibration 11. Assisting in the handling of customer complaints 12. Management of quality assurance-related documents 13. Factory staff resignation, recruitment, and employment, management of labor and health insurance and salary accounting 14. Procurement of business supplies
Strategic Intelligence Center	<ol style="list-style-type: none"> 1. Planning, procurement, maintenance and storage of hardware and software and backup production 2. Handling of problems of weak current and telephone equipment 3. Program development and design 4. Preparation of financial statements 5. Financial analysis
Cost Management Center	<ol style="list-style-type: none"> 1. Preparation of financial statements 2. Financial analysis 3. Preparation and analysis of management reports 4. Management and preservation of account books 5. Supervising the Strategic Procurement Department and Marketing Department in matters concerning raw/packaging materials and marketing strategies

2. Information of Directors, the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices

(1) Information Regarding Board Members and Supervisors

A. Information Regarding Board Members

As of 05/01/2022

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions at TCI and Other Companies	Other Heads, Directors, or Supervisors as Spouse or Kin within the Second Degree			If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures to be taken shall be stated
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Yung-Hsiang Lin	Male 41-45	2020.6.18	3 years	2017.5	1,622,405	1.36	2,436,405	2.07	46000	0.04	0	0	Bachelor Degree in Botany, National Chung Hsing University Deputy General Manager, TCI Co., Ltd. Manager, Biomedical Department, Ta Chiang International Co., Ltd. Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc. Specialist, General Manager's Office, Genesis Biotech Inc.	(Note 1)	Deputy General Manager	Yung-Hao Lin	Brothers	(Note 2)
Director	R.O.C.	Yang Guang Investment Co., Ltd.	Legal Person	2020.6.18	3 years	2017.5	4,659,053	3.89	4,511,053	3.83	0	0	0	0	-	-	-	-	-	-
	R.O.C.	Authorized Representative: Pi-Shu Li	Female 61-65	2020.6.18	3 years	2019.9	1,324	0.00	1,324	0.00	0	0	0	0	Professional Master's Degree in Business Administration, National Taiwan University EMBA, National Taiwan University Deputy General Manager, PwC Taiwan Senior Associate, Ernst & Young Global Limited Liability Partnership	Chairman-cum-Director, Uchen Management & Consulting Co., Ltd. Independent Director, convener of Audit Committee and member of Salary and Remuneration Committee, Hong pu Real Estate Development Co., LTD. Independent Director and convener of Audit Committee, Everspring Industry Co., Ltd. Member of Remuneration Committee, HSIN-LI CHEMICAL INDUSTRIAL CORP. Supervisor, Yung-Chiang Investment Co., Ltd. Supervisor, Sunshine Bless Association	-	-	-	-
Director	Japan	DyDo Group Holdings, INC.	Legal Person	2020.6.18	3 years	2017.5	9,593,216	8.02	9,593,216	8.15	0	0	0	0	-	-	-	-	-	-
	Japan	Authorized Representative: Tomiya Takamatsu	Male 41-45	2020.6.18	3 years	2017.5	0	0	0	0	0	0	0	0	Bachelor Degree in Economics, Kyoto University Director, Dydo Group Holdings, INC.	President, DyDo Group Holdings, INC.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions at TCI and Other Companies	Other Heads, Directors, or Supervisors as Spouse or Kin within the Second Degree			If the chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures to be taken shall be stated
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Sung-Yuan Liao	Male 71-75	2020 6.18	3 years	2017.5	0	0	0	0	0	0	0	0	Doctor Degree, National Chung Hsing University Associate Professor, Department of Life Science, National Chung Hsing University	Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd. Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, Maxigen Biotech Inc.	-	-	-	-
Independent Director	R.O.C.	Chen-Yi Kao	Male 61-65	2020 6.18	3 years	2017.5	0	0	0	0	0	0	0	0	Doctor Degree in Chemistry, Tufts University Professor, Graduate Institute of Biochemistry, National Chung Hsing University	Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd. Professor, Graduate Institute of Biochemistry, National Chung Hsing University	-	-	-	-
Independent Director	R.O.C.	Shih-Ming Li	Male 66-70	2020 6.18	3 years	2020.6	0	0	0	0	0	0	0	0	Reproductive Endocrinology and Infertility Researcher, University of California, USA Physician at Liming Obstetrics and Gynecology Clinic Director of Obstetrics and Gynecology Department, Air Force General Hospital Head of Reproductive Medicine Center, Air Force General Hospital	Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd. Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, Maxigen Biotech Inc. Vice President, Chung Shan Hospital Head of Reproductive Center, Chung Shan Hospital Attending Physician, Department of Obstetrics and Gynecology, Chung Shan Hospital	-	-	-	-
Independent Director	R.O.C.	Shu-Min He	Female 61-65	2020 6.18	3 years	2020.6	0	0	0	0	0	0	0	0	Master's Degree in Accounting, National Taiwan University Certified Public Accountant, PwC	Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd.	-	-	-	-

Note 1: General Manager at TCI Co., Ltd.; Chairman at MAXIGEN BIOTECH INC.; Chairman and General Manager at TCI Firstek Corp.; Chairman at TCI Gene Inc.; Chairman at BioTrade, Shanghai BioTech Group; Chairman and General Manager at BioScience, Shanghai BioTech Group; Chairman at BioFunction, Shanghai BioTech Group; Chairman at TCI Living Co., Ltd.; Director at GLUX HK LIMITED; Director at TCI HK LIMITED; Director at TCI BIOTECH LLC; Director at TCI BIOTECH USA LLC; Director at TCI Biotech Netherlands B.V.; Director at TCI JAPAN CO., LTD. (大江生醫JAPAN株式会社), Chairman at Quantum Biology Inc., Chairman at SMY INTERNET OF PACKAGE CO., LTD.

Note 2: The chairman and general manager of the Company are the same person.

Explanation: The Company increased the number of independent directors to a total of four, and more than half of the Directors did not serve as employees or managers.

B. Major shareholders of corporate shareholders

As of 05/01/2022

Name of Corporate Shareholder	Major Shareholders
Yang Guang Investment Co., Ltd.	Wu-Nan Yang(50%), Shu-Chun Kuan(25%)
DyDo Group Holdings, Inc.	High-wood Corporation(15.54%), Santomi Co., Ltd. (12.65%)

C. Authorized Representatives as major shareholders of corporate shareholders

As of 05/01/2022

Name	Major Shareholders
N/A	N/A

D. Director Information

D-1. Disclosure of professional qualifications of directors and independence of independent directors:

Name (Note 1)	Term	Professional Qualifications and Experience	Independent Circumstances (Note 2)												Number of Public Companies in which he or she also serves as an independent director
			1	2	3	4	5	6	7	8	9	10	11	12	
Yung-Hsiang Lin (Nomination) Member (Risk) Convener		Professional Qualifications and Experience: Chairman and President of the Company, Chairman of Maxigen Biotech Inc. Possesses the necessary working experience and leadership in running the company to lead TCI Group to become a global enterprise. Is not subject to any of the provisions of Article 30 of the Company Act.				✓	✓	✓			✓	✓	✓	✓	0
Yang Guang Investment Co., Ltd. Authorized Representative: Pi-Shu Li		Professional Qualifications and Experience: Representative of the Company's corporate director and other duties Possesses the necessary working experience for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0
DyDo Group Holdings, INC. Authorized Representative: Tomiya Takamatsu		Professional Qualifications and Experience: Representative of the Company's corporate director and other duties Possesses the necessary working experience for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Name (Note 1)	Term	Professional Qualifications and Experience	Independent Circumstances (Note 2)												Number of Public Companies in which he or she also serves as an independent director
			1	2	3	4	5	6	7	8	9	10	11	12	
Shu-Min He (Remuneration) Member (Audit) Member (Nomination) Member (Risk) Member		Professional Qualifications and Experience: A judge, prosecutor, lawyer, accountant, or other professional and technical person who has passed the national examinations required for the company's business and has the working experience required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chen-Yi Kao (Remuneration) Convener (Audit) Member (Nomination) Member (Risk) Member		Professional Qualifications and Experience: Lecturer or above from a public or private college or university in a relevant discipline required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Sung-Yuan Liao (Audit) Convener (Nomination) Convener (Remuneration) Member (Risk) Member		Professional Qualifications and Experience: Lecturer or above from a public or private college or university in a relevant discipline required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Shih-Ming Li (Remuneration) Member (Audit) Member (Nomination) Member (Risk) Member		Professional Qualifications and Experience: A judge, prosecutor, lawyer, accountant, or other professional and technical person who has passed the national examinations required for the company's business and has the working experience required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Functional Committees: (Remuneration) Remuneration Committee, (Audit) Audit Committee, (Nomination) Nomination Committee, (Risk) Risk Management Committee

Note 2: Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates.;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the abovepersons in the preceding subparagraphs 2 and 3;
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top fiveshareholders, or has a representative director(s) serving on the company's board based on Article 27 of the Company Law.

- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
- (9) Other than serving as a Remuneration Committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD 500,000";
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not been a person of any conditions defined in Article 30 of the Company Law; and
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

D-2. Diversity and Independence of the Board of Directors:

1) Diversity of the Board of Directors:

On December 15, 2021, the Company completed the application process and requested the Taiwan Corporate Governance Association to evaluate the performance of the Board of Directors. The report concluded that the Company's diversity is as follows: four of the seven directors on the Board of Directors are independent directors (including one female independent director), one female corporate representative director, and one Japanese corporate representative of a strategic partner. The Board of Directors is diverse in terms of nationality and gender, which is conducive to international business development. In addition, the directors have professional and practical experience in business management, accounting, economics, biomedical science and industrial marketing, and the overall Board of Directors has the right mix of talents to meet the needs of the Company's operational development and strategic objectives.

Two of the Company's board members are aged 41 to 45, three board members are aged 61 to 65, one board member is aged 66 to 70, and one board member is aged 71 to 75. The average age of all board members is 59.57 years old.

2) Independence of the Board of Directors: The Board of Directors of the Company is quite independent.

- a. There are 7 directors, of which 4 are independent directors (57.14%).
- b. The term of office of independent directors shall not exceed three consecutive terms, and no more than three independent directors of other public companies shall serve concurrently.
- c. There is no spouse or consanguineous relationship within the second degree of kinship among the directors of the Company, and there are no cases as stipulated in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The directors shall uphold a high degree of self-discipline and shall explain the important contents of their interests at the Board of Directors' meeting if they have an interest in the proposals listed in the Board of Directors' meeting or in the legal entity they represent, and shall not join the discussion and vote on the proposals if they are harmful to the Company's interests and shall recuse themselves from their interests.

(2) Information of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices

As of 05/01/2022; Unit: share; %

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions at Other Companies	Other Managers as Spouse or Kin within the Second Degree		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager	R.O.C.	Yung-Hsiang Lin	Male	2010.8	2,436,405	2.06%	46,000	0.04%	0	0.00%	Bachelor Degree in Botany, National Chung Hsing University Deputy General Manager, TCI Co., Ltd. Manager, Biomedical Department, Ta Chiang International Co., Ltd. Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc. Specialist, General Manager's Office, Genesis Biotech Inc.	Note 1	Deputy General Manager	Yung-Hao Lin	Brothers
Deputy General Manager	R.O.C.	Yung-Hao Lin	Male	2012.1	450,359	0.38%	0	0.00%	0	0.00%	EMBA, National Taiwan University EMBA, Fudan University, Shanghai Bachelor Degree in Agricultural Management, National Chiayi University Assistant Vice President, Sales Department, TCI Co., Ltd. Associate Manager, Sales Department, TCI Co., Ltd. Chia-Yung Industrial Co.	Executive Director & Director's Representative, BioCosme, Shanghai BioTech Group Director, BioScience, Shanghai BioTech Group Director, BioTrade, Shanghai BioTech Group Director's Representative, BioCosme, BioTech Group	General Manager	Yung-Hsiang Lin	Brothers
Assistant Vice President	R.O.C.	Min Yueh	Female	2019.2	37,736	0.03%	0	0.00%	0	0.00%	Master's degree from Beihang University SAP Consultant Assistant Vice President, TCI Co., Ltd.	Chairman, SMY INTERNET OF PACKAGE CO., LTD.	-	-	-
Head of Accounting	R.O.C.	Tzu-Chen Ou	Female	2022.3	0	0.00%	0	0.00%	0	0.00%	Master's degree, The London School of Economics and Political Science Bachelor Degree in Accounting, National Taiwan University Special Assistant to the Chairman of TCI Co., Ltd.	-	-	-	-
Head of Finance	R.O.C.	Yi-Chun Liu	Female	2021.6	259,671	0.22%	0	0.00%	0	0.00%	Department of German, Soochow University Special Assistant to the Chairman of Phonic Corporation Finance Manager of TCI Co., Ltd.	Director of TCI Firstek Corp.	-	-	-
Head of Talent Development Center	R.O.C.	Chiao-Ling Li	Female	2022.4	28,000	0.02%	0	0.00%	0	0.00%	Master's degree, Michigan State University, USA Special Assistant to the Chairman of TCI Co., Ltd.	-	-	-	-
Head of Strategic Intelligence Center	R.O.C.	Hao-Chun Wang	Male	2022.4	0	0.00%	0	0.00%	0	0.00%	Ph.D., Graduate Institute of Information Engineering, National Taipei University of Technology Director of R&D and Sales of DOUBLESERVICE DIGITAL TECHNOLOGY CO., LTD. Manager of Technical Service Department, CCDN TECHNOLOGY CORP.	-	-	-	-
Head of Precise iManufacturing	R.O.C.	Chiu-Yueh Li	Female	2022.4	0	0.00%	0	0.00%	0	0.00%	Bachelor of Management Information System, Wuhan University of Technology	-	-	-	-
Head of Audit Department	R.O.C.	Wei-Chiang Chi	Male	2014.10	0	0.00%	0	0.00%	0	0.00%	Bachelor Degree in Accounting, Tamkang University Certified Internal Auditor (CIA) Manager, Audit Department, Pharmtak Taiwan Co., Ltd. Director, Scientech Corporation	-	-	-	-
Head of Corporate Governance	R.O.C.	Chen-Chia Huang	Male	2019.10	26,900	0.02%	0	0.00%	0	0.00%	Bachelor Degree in Law, Soochow University Intellectual Property Certification Consultant, Friendly Law Office (富蘭德林法律事務所) Legal Affairs Assistant Manager, TCI Co., Ltd.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions at Other Companies	Other Managers as Spouse or Kin within the Second Degree		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Head of Stock Service Team	R.O.C.	Juen-Ying Chiou	Male	2020.7	0	0.00%	0	0.00%	0	0.00%	Bachelor Degree, Soochow University Head of Stock Affairs and Acting Spokesperson of RICH DEVELOPMENT CO., LTD. Assistant Director, Entie Commercial Bank, Ltd. Assistant Manager of General Management Office, UC Group	-	-	-	-

Note 1: General Manager at TCI Co., Ltd.; Chairman at MAXIGEN BIOTECH INC.; Chairman and General Manager at TCI Firstek Corp.; Chairman at TCI Gene Inc.; Chairman at BioTrade, Shanghai BioTech Group; Chairman and General Manager at BioScience, Shanghai BioTech Group; Chairman at BioFunction, Shanghai BioTech Group; Chairman at TCI Living Co., Ltd.; Director at GLUX HK LIMITED; Director at TCI HK LIMITED; Director at TCI BIOTECH LLC; Director at TCI BIOTECH USA LLC; Director at TCI Biotech Netherlands B.V.; Director at TCI JAPAN CO., LTD. (大江生醫JAPAN株式会社), Chairman at Quantum Biology Inc., Chairman at SMY INTERNET OF PACKAGE CO., LTD.

Note 2: Chia-Chi Li, Finance Manager, resigned on June 16, 2021.

Note 3: Chen-Chen Fu, head of the cost management center, was transferred to TCI Gene Inc. as general manager on March 22, 2022.

(3) Remuneration Paid to Directors, Supervisors, General Manager, Deputy General Managers in 2021

A. Remuneration Paid to Directors (including independent directors) in 2021

Year 2021
Unit: NT\$1,000 / 1000 shares

Title	Name	Director's Remuneration								Total Remuneration (A+B+C+D) as a % of Net Income		Compensation Earned by a Director Who is an Employee of TCI of TCI's Consolidated Entities								Total Compensation (A+B+C+D+E+F+G) as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliate
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D) (Note 4)				Base Compensation, Bonuses and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)						
		From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI		From All Consolidated Entities		From TCI	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Director	Yong-Chiang Investment Co., Ltd. Authorized Representative: Yung-Hsiang Lin	0	0	0	0	1,800	1,800	200	200	0.13%	0.12%	19,994	45,302	0	0	49,826	0	55,826	0	4.64%	6.38%	-
	Yang Guang Investment Co., Ltd. Authorized Representative: Pi-Shu Li																					
	DyDo Group Holdings, INC. Authorized representative: Tomiya Takamatsu																					
	Yung-Hsiang Lin																					
Independent Director	Lung-Yi Liao	0	0	0	0	2,400	2,400	720	720	0.20%	0.19%	-	-	-	-	-	-	-	-	0.20%	0.19%	-
	Shou-Lu Chang																					
	Sung-Yuan Liao																					
	Chen-Yi Kao																					
	Shih-Ming Li																					
Shu-Min He																						

- Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.:
The performance evaluation and salary and remuneration of independent directors have been reviewed and approved by the Company's Remuneration Committee and determined by the Board of Directors, with reference to the normal level of the industry and the situation of payment, taking into account the results of individual performance evaluation, the time invested and the responsibilities that have been undertaken.
- Except the persons listed in the above table, if there is any director who receives the remuneration from the companies listed in the Financial Statements (e.g., the director provides consulting service for any person belonging to the companies listed in the Financial Statements): None

Brackets for Compensation Paid to Directors

Brackets for Compensation Paid to Directors	Name			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From TCI	From All Consolidated Entities H	From TCI	From All Consolidated Entities I
Less than NT\$ 1,000,000	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Long-Yi Liao, Shou-Lu Chang, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Long-Yi Liao, Shou-Lu Chang, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Long-Yi Liao, Shou-Lu Chang, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Long-Yi Liao, Shou-Lu Chang, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He
NT\$ 1,000,000~NT\$1,999,999	—	—	—	—
NT\$2,000,000~ NT\$3,499,999	—	—	—	—
NT\$3,500,000~NT\$4,999,999	—	—	—	—
NT\$5,000,000~NT\$9,999,999	—	—	—	—
NT\$10,000,000~NT\$14,999,999	—	—	—	—
NT\$15,000,000~NT\$29,999,999	—	—	—	—
NT\$30,000,000~NT\$49,999,999	—	—	—	—
NT\$50,000,000 ~ NT\$99,999,999	—	—	Yung-Hsiang Lin	Yung-Hsiang Lin
Equal to or more than NT\$100,000,000	—	—	—	—
People in total	9	9	9	9

B. Compensation Paid to General Manager & Deputy General Managers in 2021

Year 2021; Unit: NT\$1,000 / 1000 shares

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employees' Profit Bonus (D)				Total Remuneration (A+B+C+D) as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates
		From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities	From TCI		From All Consolidated Entities		From TCI	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Yung-Hsiang Lin (Note)	17,072	43,080	0	0	7,801	15,835	61,331	0	68,708	0	5.42%	6.65%	0
Deputy General Manager	Yung-Hao Lin													

Note: The Company provides a business car for the Chairman-cum- General Manager. The cost of the car is NT\$ 1,880,000. The current value is NT\$0 as of December 31, 2021.

Brackets for Compensation Paid to General Manager & Deputy General Managers

Brackets for Compensation Paid to General Manager & Deputy General Managers	Name	
	From TCI	From All Consolidated Entities E
Less than NT\$ 1,000,000	—	—
NT\$1,000,000~ NT\$1,999,999	—	—
NT\$2,000,000~ NT\$3,499,999	—	—
NT\$3,500,000~ NT\$4,999,999	—	—
NT\$5,000,000~ NT\$9,999,999	—	—
NT\$10,000,000~ NT\$14,999,999	—	—
NT\$15,000,000~ NT\$29,999,999	Yung-Hao Lin	Yung-Hao Lin
NT\$30,000,000~ NT\$49,999,999	—	—
NT\$50,000,000~ NT\$99,999,999	Yung-Hsiang Lin	
Equal to or over NT\$100,000,000	—	Yung-Hsiang Lin
Total	2	2

C. Employee Compensation Amount Paid to Managers

Year 2021: Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock Bonus Amount	Cash Bonus Amount	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Yung- Hsiang Lin	—	78,415	78,415	4.85%
	Deputy General Manager	Yung- Hao Lin				
	Assistant Vice President	Chih- Cheng Tsai				
	Assistant Vice President	Min Yueh				
	Supervisor, Cost Management Center	Chen- Chen Fu				
	Supervisor, Research & Design Center	Ching- Ting Chen				
	Head of Administration Service Center	Tung- Wei Li				
	Head of Talent Development Center	Li- Chun Tsai				
	Head of Finance Department	Yi- Chun Liu				
	Supervisor, Internal Audit Department	Wei- Chiang Chi				
	Head of Corporate Governance	Chen- Chia Huang				
	Head to Sock Service Team	Juen- Ying Chiou				

D. The Ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income; the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

a. The Ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT\$1,000

Year	Brackets for Compensation Paid to Directors, Supervisor, President, and Vice President		Ratio of Total Remuneration to Net Income	
	From TCI	From All Consolidated Entities	From TCI	From All Consolidated Entities
2020	104,878	128,584	5.70%	6.94%
2021	91,324	132,743	5.90%	8.21%

- b. Remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with operating performance and future risks
- i. If the directors of the Company perform their duties, the Company has to pay remuneration to all directors regardless of the Company's operating performance. The Board of Directors is authorized to determine the remuneration for each director in accordance with his/her contribution to the Company, and the Board of Directors shall refer to the usual level of the remuneration for its final decisions.
 - ii. The remuneration for the general manager and the deputy general managers of the Company shall be determined in accordance with the provisions of Article 29 of the Company Act.

In summary, the Company's policy of paying the remuneration for the general manager and deputy general managers, and directors, and the procedures for setting remuneration are based on the usual level of remuneration in the industry, and the time invested by each individual, the responsibilities, the accomplishment of personal goals, and their job performance, the salary level for the same position, and the Company's short-term and long-term business objectives, the Company's financial status, and the correlation between individual performance and the Company's operating performance and future risks. The Company's annual revenue (the overall revenue of the whole TCI group, the definition of any "annual revenue" in this report is the same) was NT\$ 8,580,103,000. Compared with the annual revenue of NT\$8,223,851,000 in 2020, the annual revenue increased by 4.3%. The pre-tax income in 2021 was NT\$2,009,451,000. Compared with the pre-tax income of NT\$2,198,221,000 in 2020, the pre-tax income dropped by 8.6%. The earnings per share was NT\$13.17, which dropped by 16.1% compared with 2020 (NT\$15.69). The relevant figures have been disclosed in the Annual Report in compliance with the relevant laws and regulations, and therefore the future risk of the Company shall be minor or moderate.

3. Board of Directors Meeting Status

(1) Board of Directors Meeting Status

A. There were 6 regular meetings convened in 2021 (A). The directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Chairman	Yung-Hsiang Lin	6	0	100%	
Director	Yang Guang Investment Co., Ltd. Authorized Representative: Pi-Shu Li	6	0	100%	
Director	DyDo Group Holdings, INC. Authorized Representative: Omiya Takamatsu	6	0	100%	
Independent Director	Shu-Min He	6	0	100%	
Independent Director	Shih-Ming Li	6	0	100%	
Independent Director	Sung-Yuan Liao	6	0	100%	
Independent Director	Chen-Yi Kao	6	0	100%	

Annotations:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified.

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Not applicable. The Company has already established an audit committee.

(2) Other resolutions opposed or reserved by the independent directors with records or written statements: None

2. If there are directors 'avoidance of motions in conflict of interest, the director's names, contents of motion, causes for avoidance and voting should be specified.

Meeting Date	The Meeting No.	Proposal	Reasons for Recusal	Participation in Deliberation
2021/03/08	2021 1st Board of Directors	The company's personnel appointment case	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.

Meeting Date	The Meeting No.	Proposal	Reasons for Recusal	Participation in Deliberation
2021/03/08	2021 1st Board of Directors	Removal of Non- Competition Restrictions for Managers	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021/08/10	2021 4th Board of Directors	Removal of Non- Competition Restrictions for Managers	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021/11/08	2021 5th Board of Directors	Removal of Non- Competition Restrictions for Managers	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021/11/08	2021 5th Board of Directors	Proposed Adoption of the List of Stock Option Holders (Controlling or Subordinate Company Manager) of the 1st Employee Stock Option Certificate 2021 of Maxigen Biotech Inc.	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.
2021/12/29	2021 6th Board of Directors	The company's 2021 manager year-end bonus issuance related matters	The attending managers avoided interest.	After the interested parties were excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.

Meeting Date	The Meeting No.	Proposal	Reasons for Recusal	Participation in Deliberation
2021/12/29	2021 6th Board of Directors	The proposed Act on Appointment, Evaluation, and Salary and Compensation of Internal Auditors	The attending manager (audit supervisor) avoided interest.	After the interested party (audit supervisor) was excluded, the chairman (or the acting chairman) consulted the remaining directors and approved this case without objection.

3. The listed and OTC companies should disclose information such as the evaluation frequency and period, evaluation scope, method, and evaluation content of the board's self (or peer) evaluation, and fill out the attached form 2 (2) Board Evaluation Implementation Status.
4. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an audit committee, the enhancement of information transparency, etc.) and the assessment of the implementation.

Implementation of Board Evaluation

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	From January 1, 2020 to December 31, 2020	Performance evaluation of the Board of Directors, individual Board members and functional committees	Internal self-evaluation of the board of directors and functional committees, self-evaluation of board members, and performance evaluation of the Taiwan Corporate Governance Association (external organization)	<p>(1) Performance evaluation of the Board of Directors: including the extent of participation in the Company's operations, the quality of the board's decisions, the composition and structure of the Board of Directors, the selection and continuous training of Directors, internal control, etc.</p> <p>(2) Individual performance evaluation of Directors: including the Company's objectives and tasks, Directors' responsibilities, participation in the Company's operations, internal relationship management and communication, Directors' professional and continuous training, internal control, etc.</p> <p>(3) Performance evaluation of functional committees: the extent of participation in the company's operations, the recognition of the responsibilities of functional committees, the quality of decisions of functional committees, the composition of functional committees and the selection of members, internal control, etc.</p> <p>(4) Taiwan Corporate Governance Association (external organization performance evaluation): Highlights of the eight major components and overall observation</p> <ol style="list-style-type: none"> 1. Composition of the Board of Directors 2. Guidance of the Board of Directors 3. Authorization of the Board of Directors 4. Supervision of the Board of Directors 5. Communication of the Board of Directors 6. Internal control and risk management 7. Self-regulation of the Board of Directors 8. Other (such as board meetings, support system, etc.)

(2) Information of Audit Committee

A. The Company has assembled an Audit Committee entirely of Independent Directors on May 30, 2014. The Committee has the following responsibilities:

- a. The appropriate expression of the Company's financial statements;
- b. The independence and the performance of the CPAs; the selection (dismissal) of the CPAs;
- c. The effective implementation of internal control;
- d. Supervising the Company to comply with relevant laws and regulations;
- e. Controlling the existing or the potential risks of the Company.

B. Audit Committee Meeting Status

There were 6 regular meetings convened in 2021 (A). The independent directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Independent Director	Shu-Min He	6	0	100.00%	
Independent Director	Shih-Ming Li	6	0	100.00%	
Independent Director	Sung-Yuan Liao	6	0	100.00%	
Independent Director	Chen-Yi Kao	6	0	100.00%	

Annotations:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Meeting Date	The Meeting No.	Proposal	Resolution	TCI's Response to Resolution
2021/3/8	2021 1st Meeting	The company's 2020 internal control system statement	Approved	Not Applicable
2021/3/8	2021 1st Meeting	Review of 2020 Business Report and the 2020 Financial Statements	Approved	Not Applicable
2021/3/8	2021 1st Meeting	The Company intended to make a public acquisition of the common shares of Maxigen Biotech Inc.	Approved	Not Applicable
2021/5/7	2021 2nd Meeting	Amendments to the company's internal control system management measures	Approved	Not Applicable
2021/5/7	2021 2nd Meeting	Amendments to the Operational Procedures for Acquisition or Disposal of Assets	Approved	Not Applicable
2021/6/16	2021 3rd Meeting	Personnel adjustment of the company	Approved	Not Applicable
2021/11/8	2021 5th Meeting	Formulation of the company's audit plan	Approved	Not Applicable

Meeting Date	The Meeting No.	Proposal	Resolution	TCI's Response to Resolution
2021/12/29	2021 6th Meeting	Amendments to the company's internal control system management measures	Approved	Not Applicable
2021/12/29	2021 6th Meeting	The "2022 Operating Plan" and "2022 Budget" of the Company were formulated	Approved	Not Applicable
2021/12/29	2021 6th Meeting	Establishment of internal auditors' appointment, dismissal, appraisal, and salary and compensation plan	Approved	Not Applicable
2021/12/29	2021 6th Meeting	The Company intended to invest in a new company	Approved	Not Applicable
2021/12/29	2021 6th Meeting	The Company intended to dispose of the shares of TCI Gene Inc.	Approved	Not Applicable
2021/12/29	2021 6th Meeting	The Company intended to endorse the guarantee to its subsidiaries	Approved	Not Applicable

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors's names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company's audit committee and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) The audit committee of the company is composed of all independent directors and convenes at least a meeting every quarter, and may convene meetings at any time as needed.

(2) Communications between the Independent Directors and the audit committee

a. On a regular basis – Reporting the audit findings and the progress of improvement of abnormal matters in audit meetings; replying to the questions raised by the independent directors and strengthening the audit work in accordance with its instructions to ensure the effectiveness of internal control.

b. On an irregular basis – Communicating the audit findings and how to increase the value of audits via telephone or e-mail, or in person; notifying the independent directors if any major violation is found.

c. The major matters of communication in 2021 are shown as following table:

Date	Content of Communication	Implementation
2021/3/8	1. Reporting the execution progress of the annual audit plan from December 2020 to January 2021. 2. Reviewing the 2020 Statement of Internal Control System	1. Well understood 2. Proposal submitted to the Board of Directors for resolution after approval of the Audit Committee
2021/5/7	Reporting the execution progress of the company's audit plan from April to June 2021	Well understood
2021/8/10	Reporting the execution progress of the company's audit plan from May to July 2021	Well understood
2021/11/8	Reporting the execution progress of the company's audit plan from August to October 2021	Well understood

Date	Content of Communication	Implementation
2021/12/29	1. Reporting the execution progress of annual audit plan in November, 2021 2. Formulating the company's 2022 audit plan 3. The company's certified accountant's suitability and independence assessment 4. 2022 annual remuneration proposal for certified accountants	1. Well understood 2. Proposal submitted to the Board of Directors for resolution after approval of the Audit Committee 3. Proposal submitted to the Board of Directors for resolution after approval of the Audit Committee 4. Proposal submitted to the Board of Directors for resolution after approval of the Audit Committee

(3) Communications between the CPAs and the Audit Committee

- a. On a regular basis: The CPAs shall communicate with the audit committee on the audit plan, implementation status and results during the period before and after checking the semi-annual report and the annual report.
- b. On an irregular basis: If there is any case related to business operations and internal control that need immediate communication and discussion, the meeting shall be arranged depending on the circumstances.
- c. The major matters of communication in 2021 are shown as follows:

Date	Content of Communication	Implementation
2021/3/8	2020 individual and consolidated financial statements	The CPAs shall disclose the matters that should be disclosed in the audit report by the financial statements.
2021/5/7	2021 Q1 individual and consolidated financial statements	The CPAs shall disclose the matters that should be disclosed in the audit report by the financial statements.
2021/8/10	2021 Q2 individual and consolidated financial statements	The CPAs shall disclose the matters that should be disclosed in the audit report by the financial statements.
2021/11/8	2021 Q3 individual and consolidated financial statements	The CPAs shall disclose the matters that should be disclosed in the audit report by the financial statements.

(3) Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)
	Yes	No	Brief Explanation	
1. Does the Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		The Company has formulated the Corporate Governance Best Practice Principles and disclosed the relevant information on the official website and the Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders’ Rights				
(1) Does the Company have Internal Operating Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		1. The Company has a spokesperson and an agent spokesperson to deal with matters such as shareholder suggestions or disputes, and has a legal department to consult relevant legal issues.	None
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		2. The Company has a dedicated staff to manage the relevant information and appoints a securities firm's stock agent to assist in the handling of share-related matters and to obtain a final list of the major shareholders and major shareholders of the actual control company.	None
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		3. The Company has established a relationship transaction management method and a subsidiary company supervision and management approach to establish an appropriate risk control mechanism and firewall, and the audit personnel regularly check the implementation situation.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		4. The Company has established the “Measures for the Prevention of Insider Trading and Internal Major Information Processing Management”. The insiders of the Company shall not use the undisclosed information on the market to buy and sell securities.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		1. The Company has a "Nominating Committee" and adopts the "Nomination System for Candidates". The list of recommended candidates for directors and independent directors is reviewed by the Nominating Committee and finalized by the Board of Directors to provide in the shareholders' meeting. According to the Company's Code of Practice on Corporate Governance, the composition of the Board of Directors should be considered in a diversified manner. Except for the director who is also a manager of the Company, it is not appropriate to exceed one-third of the Board of Directors, and recruit talents with different professional backgrounds, including (but not limited to) skills, region, professional experience, cultural and educational background, gender and other traits to enhance the ability to	None

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)																																																																								
	Yes	No	Brief Explanation																																																																									
			<p>operate the Board. The current Board of Directors consists of 7 directors, including 3 directors and 4 independent directors. The members have extensive experience and expertise in finance, business and management:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Gender</th> <th>TCI's Employee</th> <th>Accounting and Financial Analysis Skills</th> <th>Business Management</th> <th>Industrial Knowledge</th> <th>Risk Management</th> <th>A Lecturer or Higher Position in a Public or Private College</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Yung-Hsiang Lin</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Director</td> <td>Yang-Guang Investment Co., Ltd. Authorized Representative: Pi-Shu Li</td> <td>Female</td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Director</td> <td>DyDo Group Holdings INC. Authorized Representative: Tomiya Takamatsu</td> <td>Male</td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Independent Director</td> <td>Shu-Min He</td> <td>Female</td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Independent Director</td> <td>Shih-Ming Li</td> <td>Male</td> <td></td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Independent Director</td> <td>Sung-Yuan Liao</td> <td>Male</td> <td></td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> </tr> <tr> <td>Independent Director</td> <td>Chen-Yi Kao</td> <td>Male</td> <td></td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> </tr> </tbody> </table>	Title	Name	Gender	TCI's Employee	Accounting and Financial Analysis Skills	Business Management	Industrial Knowledge	Risk Management	A Lecturer or Higher Position in a Public or Private College	Chairman	Yung-Hsiang Lin	Male	v	v	v	v	v		Director	Yang-Guang Investment Co., Ltd. Authorized Representative: Pi-Shu Li	Female		v	v	v	v		Director	DyDo Group Holdings INC. Authorized Representative: Tomiya Takamatsu	Male		v	v	v	v		Independent Director	Shu-Min He	Female		v	v	v	v		Independent Director	Shih-Ming Li	Male			v	v	v		Independent Director	Sung-Yuan Liao	Male			v	v	v	v	Independent Director	Chen-Yi Kao	Male			v	v	v	v	
Title	Name	Gender	TCI's Employee	Accounting and Financial Analysis Skills	Business Management	Industrial Knowledge	Risk Management	A Lecturer or Higher Position in a Public or Private College																																																																				
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Independent Director	Sung-Yuan Liao	Male			v	v	v	v																																																																				
Independent Director	Chen-Yi Kao	Male			v	v	v	v																																																																				
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		2. In addition to setting up the payroll committee and the audit committee according to law, the Company has set up a nomination committee in 2016 (Note 1). In December 2021, the Company has established a risk management committee.	None																																																																								
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, on an annual basis?	✓		3. The Company has established the "Rules for Self-Assessment or Peer Evaluation of the Board of Directors". According to Article 3 of the present Measures, the Board of Directors of the Company shall perform at least one performance evaluation of the internal Board of Directors each year. The internal evaluation period of the Board shall be based at the end of each year. The assessment procedures and assessment indicators for Articles 6 and 8 are used for annual performance evaluation. The Company performed the annual performance appraisal at the end of 2021 and reported the 2021 director self-assessment to the Nomination Committee and the Board of Directors on	None																																																																								

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)
	Yes	No	Brief Explanation	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		<p>March 22, 2022. On December 15, 2021, the Company completed the application process to request the Taiwan Corporate Governance Association to conduct a performance evaluation of the Board of Directors. The interview was completed on January 18, 2022 and the report was presented at the Board meeting on March 22, 2022.</p> <p>4. The accounting department of the Company evaluates the independence of the CPAs on its own, and the result proposal is reviewed and approved by the Audit Committee and the Board of Directors on December 23, 2020. Appraisal by the accounting department of the Company, Certified Public Accountants, Ming-Chuan Hsu and Ping-Chun Chi, all of which are in line with the Company's independent evaluation criteria (Note 2), can be used as the Company's CPAs, accounting firm and issue a statement (Note 3).</p>	None
4. Has the Company established a full- (or part-) time corporate governance unit or assigned personnel to take charge of corporate governance affairs (including but not limited to provide information required for business execution for directors and supervisors, handle matters related to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings)?	✓		<p>The Chairman's Office of the Company is responsible for corporate governance-related matters and the legal manager is the head of corporate governance. In order to strengthen the functions of the Board of Directors, the main duties of these staff members and the organization are to provide the directors with the information required to carry out the business and the latest regulatory developments related to the company's operations to assist the directors in legal compliance. The main duties are as follows:</p> <ol style="list-style-type: none"> 1. Notifying board members of the Company's business scope and the latest developments in corporate governance-related regulations. 2. Conducting a course (taught by at-home tutors) of at least 6 credits for the board members; evaluating the purchase of appropriate liability insurance for directors and important staff members. 3. Formulating the agenda of a Board Meeting, which shall be informed to the Directors seven days prior to the meeting; informing issues that require avoidance of interests and completing the minutes of the board meeting within 20 days after the meeting. 4. Conducting performance evaluations of the Board of Directors and individual directors annually. 5. Establishing diversified channels for the communication with investors. 6. Handling the pre-registration of the date of the shareholders' meeting in accordance with the law, making a notice of the meeting within the statutory time limit, discussing the proceedings, and recording the proceedings, and applying for change registration in the revised charter or director re-election. 	None

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)
	Yes	No	Brief Explanation	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		The Company has a spokesperson and an agent spokesperson, and has an investor section and shareholder column on the Company's website, providing a contact channel for stakeholders, including shareholders, bankers and other creditors, employees, customers, and suppliers so that both the business and the stakeholders of the Company may maintain smooth communications.	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company has appointed Fubon Securities Co., Ltd. to handle the affairs of the shareholders' meetings and hired full-time staff for the relevant tasks.	None
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		1. Through the Company's website, there is an investor's special section, where monthly financial information such as camping and collection is disclosed and a link to MOPS is provided for the public to obtain major information; and the Company's relevant regulations and the Company's relevant regulations and the self-assessment reports are put on the corporate governance section, and investors can use MOPS to obtain financial, business and corporate governance information.	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?	✓		2. The Company has a spokesperson and spokesperson, and has a special person in the investor relations management department responsible for the collection and disclosure of company information. At present, all the corporate briefing sessions have been uploaded to the Company's website. Other relevant information that should be disclosed is revealed on MOPS.	None
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third-quarter financial reports and the monthly operating situation within the prescribed deadline?		✓	3. The Company fails to announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third-quarter financial reports and the monthly operating situation within the prescribed deadline.	No significant difference
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier	✓		1. Employees' Rights and Interests: The Company has established a staff welfare committee in accordance with the law, implemented a pension system, and handled various employee training courses, attaching importance to labor harmony. 2. Employee care: The Company provides employee bonus, year-end bonus and other	None

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)																		
	Yes	No	Brief Explanation																			
relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			<p>welfare measures, and protects the legitimate rights and interests of employees according to the labor law and other relevant regulations.</p> <p>3. Investor Relations: The Company has been legally required to provide honest and open information on the MOPS and to include the mail address for investor relations and the spokesperson's contact information to protect the interests of investors and maintain a benign and harmonious relationship between the Company and its shareholders.</p> <p>4. Supplier Relationship: The Company has a supplier management section in the internal control written system "Purchasing and Payment Cycle" to ensure that suppliers' delivery, quality and price are in line with the Company's needs, so that they have good communications and collaborative partnership.</p> <p>5. Rights of interested parties: The Company has a spokesperson and acting spokesperson, and the stakeholders have a smooth communication channel with the bank and other creditors, employees, customers, suppliers and stakeholders. Any legal issue will be handled by the legal department of the Company to safeguard the interests of interested parties.</p> <p>6. The Directors and the Supervisors are involved in the refresher course in accordance with the requirements of the "Listing Examples of the Directors and Supervisors of the Listed Companies". The refresher courses in 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Course Hours</th> </tr> </thead> <tbody> <tr> <td>Yung-Hsiang Lin</td> <td rowspan="7">2021/12/10</td> <td rowspan="7">Corporate Operation Association of the Republic of China (Taiwan)</td> <td>Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act</td> <td>3</td> </tr> <tr> <td>Tomiya Takamatsu</td> <td rowspan="6">Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry</td> <td rowspan="6">3</td> </tr> <tr> <td>Shih-Ming Li</td> </tr> <tr> <td>Sung-Yuan Liao</td> </tr> <tr> <td>Chen-Yi Kao</td> </tr> <tr> <td>Pi-Shu Li</td> </tr> <tr> <td>Shu-Min He</td> </tr> </tbody> </table>	Director	Date	Organizer	Course Name	Course Hours	Yung-Hsiang Lin	2021/12/10	Corporate Operation Association of the Republic of China (Taiwan)	Corporate Governance of Corporate Mergers and Acquisitions and Directors' and Supervisors' Obligations under the Securities and Exchange Act	3	Tomiya Takamatsu	Capital Market Operations and Privatization M&A Transactions in the Biotechnology Industry	3	Shih-Ming Li	Sung-Yuan Liao	Chen-Yi Kao	Pi-Shu Li	Shu-Min He	
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Chen-Yi Kao																						
Pi-Shu Li																						
Shu-Min He																						

Assessment Item	Implementation Status			Non-Implementation and Its Reason(s)
	Yes	No	Brief Explanation	
			7. Implementation of risk management policies and risk measurement standards: The Company has established various internal regulations in accordance with the law and followed them to control risks. 8. Implementation of customer policy: The Company sets up the business department, provides services and consultations for customers' products, and maintains a smooth communication channel with customers and has a customer complaint handling procedure to protect customer rights. 9. The Company has purchased liability insurance for its directors.	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange: (1) The Company reviews the results of recent corporate governance evaluations and the Company governance evaluations released in the most recent year. It examines the indicators that are still in line with the scoring standards, arranges improvement schedules, and continuously improves most of the non-compliance projects. (2) The Company will prepare a corporate social responsibility report in accordance with GRI4 this year. (3) The Company will strengthen the Company's promotion of integrity management and internal work rules, strengthen the promotion of unethical behavior and its rectification system, and disclose relevant rules and regulations on the Company's website.				

Note 1: In order to improve the nomination system for the directors and functional committee members of the Company, the Board of Directors resolved to establish a “nomination committee”. According to the organization rules of the nomination committee of the Company, the committee is composed of at least three directors, of which more than half of the independent directors should participate. At present, the nomination committee of the Company consists of the chairman and all four independent directors, according to the organization rules of the nomination committee. His duties include:

- Develop criteria for diversified background and independence of expertise, technology, experience and gender required for board members, supervisors and senior managers, and seek, review and nominate candidates of directors, supervisors and senior managers.
- Build and develop the organizational structure of the Board of Directors and committees, conduct performance evaluations of the Board of Directors, committees, directors and senior managers, and assess the independence of independent directors.
- Propose and regularly review the director's progress plan and the succession plan for directors and senior managers.
- Set the Company's corporate governance code of practice.

The Nominating Committee shall meet at least twice a year. The following table details the meetings of the Nominating Committee and the attendance rate of each member.

1. There are 5 members of the Nominating Committee of the Company.

Name	Nominating Committee
Chairman, Yung-Hsiang Lin	V
Independent Director, Sung-Yuan Liao	V(Convener)
Independent Director, Chen-Yi Kao	V
Independent Director, Shih-Ming Li	V
Independent Director, Shu-Min He	V

2. The Nominating Committee met 2 times (A) in the third term of 2021 (term: June 18, 2020 to June 17, 2023), and the attendance of members as of December 31, 2021 is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)
Convener	Sung-Yuan Liao	2	0	100%
Member	Yung-Hsiang Lin	2	0	100%
Member	Chen-Yi Kao	2	0	100%
Member	Shih-Ming Li	2	0	100%
Member	Shu-Min He	2	0	100%

Other items to be recorded:

Date	Period	Content	Resolution result	The Company's handling of the Nominating Committee's comments
2021/8/10	First time in 2021	Regular review	Adopted	Not applicable
2021/12/29	Second time in 2021	The Company has arranged for the performance evaluation of the board of directors of external organization by the Taiwan Corporate Governance Association on January 18, 2022	As noted	Not applicable

Note 2: TCI Co., Ltd. 2021 annual assessment report on the independence of CPAs

The CPA Firm in 2021: PricewaterhouseCoopers Taiwan

The CPAs in 2021: Ming-Chuan Hsu and Ping-Chun Chi

1. The appointed accountants have no significant financial interest in the Company.
2. The appointed accountants shall avoid any inappropriate relationship with the Company.
3. The appointed accountants should ensure that their assistants are honest, impartial and independent.
4. The appointed accountant has not held the position of director, supervisor or manager of the company or any position that has a significant influence on the audit case within the past two years; it is also determined that he will not hold the aforementioned relevant positions during the future audit period.
5. During the audit period, the appointed accountants and their spouses or dependent relatives have not served as directors and supervisors of the Company or have direct and significant influence on the audit work. During the audit period, the close relatives within the fourth degree of kinship of the appointed accountants who are the directors or managers of the Company or who have direct and significant influence on the audit work shall reduce their noncompliance with the independence procedures to acceptable extent.
6. The appointed accountants have not given or accepted any benefits or gifts with a great value (the value that exceeds the standard of general social etiquette).
7. The name of an appointed accountant shall not be used by others.
8. Loans between the appointed accountants and the Company are not allowed, excluding normal transactions with the financial industry.
9. The appointed accountants shall not concurrently engage in other businesses that may lead to the loss of their independence.
10. The appointed accountants shall not receive any commission related to the business.
11. The appointed accountants shall not hold shares of the Company.
12. The appointed accountants shall not concurrently serve as regular employees of the Company and shall be entitled to a fixed salary.
13. The appointed accountants shall not have a joint investment or share of interest with the Company.
14. The appointed accountants shall not be involved in the management functions of the Company in making decisions.

Evaluation results: all meet standards for independence.

Auditor's Independence Declaration

To: TCI Co., Ltd.

Issuance No.: PwC21015884

Subject: At the request of TCI Co., Ltd. (hereinafter referred to as the "Company"), PwC has evaluated its independence from the Company in accordance with the provisions of The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence". The evaluation results and the issuance of the statement are as explained; please check.

Explanation:

1. According to the provisions of Article 4 of The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 (hereinafter referred to as "Bulletin No. 10"), when checking and reviewing a financial statement, an accountant shall "not only maintain substantial independence but, more importantly, maintain formal independence. Therefore, the members of his or her audit team, other co-practicing accountants, the audit firm, and firm-related enterprises (hereinafter referred to as the "members of the audit team and related parties of the firm") must maintain independence from the audit clients ". Also, it is stated in Article 7 of Bulletin No.10 that "independence may be affected by self-interest, self-assessment, advocacy, familiarity, and coercion." PwC, in response to the factors that may affect the independence described as in Article 7, declares that the independence of PwC has not been affected by the above factors.
2. Independence is not affected by self-interest: PwC declares that, between the members of the audit team and related parties of the firm and the Company or its directors or supervisors, there are not any: 1) direct or significant indirect financial interest; 2) close business relationship; 3) potential employment; 4) Financing or guarantee.
3. Independence is not affected by self-assessment: PwC declares that the members of the audit team have not held the positions of directors and supervisors of the Company or any positions that have directly influenced the audit case in the past two years; Also, PwC does not provide any non-audit service that directly affects the audit case.
4. Independence is not affected by advocacy: PwC declares that the members of the audit team have not been commissioned to be defenders of the Company or coordinated conflicts with any third party on the Company's behalf.
5. Independence is not affected by familiarity: PwC declares that 1) there is no kinship between the members of the audit team and the Company's Directors, supervisors, managers, or staff members that have a significant influence on the audit case; 2) the co-practising accountants, within one year after the audit case, have not held any positions as directors, supervisors or managers of the company or any positions that have a significant influence on the audit case; 3) the members of the audit service team have never given or accept benefits or gifts of great value from the company, or the Company's Directors, supervisors or managers.
6. Independence is not affected by coercion: PwC declares that the members of the audit team have not received or accepted any improper demands of your company's management regarding accounting policy choices or disclosure of financial statements, or the demands to reduce the audit work that should be performed on the grounds of reducing the audit fee, which cause doubt in objectivity and professionalism.
7. PwC hereby declares that the above matters are executed in accordance with the relevant operational procedures for PwC's client independence inspection and that PwC has exercised professional due care.

PwC Taiwan

Ming-Chuan Hsu

Accountants

Ping-Chun Chi

December 28, 2021

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(4) The Composition of the Remuneration Committee, Responsibilities, and Operation

A. Information of Remuneration Committee Members:

Title (Note 1)	Criteria Name	Professional Qualifications and Experience (Note 2)	Independent Circumstances (Note 3)										Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member		
			1	2	3	4	5	6	7	8	9	10			
Independent Director	Shu-Min He	Professional Qualifications and Experience: A judge, prosecutor, lawyer, accountant, or other professional and technical person who has passed the national examinations required for the company's business and has the working experience required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Shih-Ming Li	Professional Qualifications and Experience: A judge, prosecutor, lawyer, accountant, or other professional and technical person who has passed the national examinations required for the company's business and has the working experience required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Sung-Yuan Liao	Professional Qualifications and Experience: Lecturer or above from a public or private college or university in a relevant discipline required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Chen-Yi Kao	Professional Qualifications and Experience: Lecturer or above from a public or private college or university in a relevant discipline required for the company's business. Is not subject to any of the provisions of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Please state the identity as Director, Independent Director or others.

Note 2: If the Remuneration Committee Members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the company or any of its affiliates;
2. Not a director or supervisor of the company or any of its affiliates.;
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the abovepersons in the preceding subparagraphs 2 and 3;
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000";
10. Not been a person of any conditions defined in Article 30 of the Company Law.

B. Compensation (Remuneration) Committee Meeting Status

a. There are 4 members in TCI's Remuneration Committee.

b. Term of office: June 18, 2020 to June 17, 2023

For the most recent year (2021), the Remuneration Committee met four times (A), and the qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (B/A)	Notes
Member	Shu-Min He	4	0	100%	
Member	Shih-Ming Li	4	0	100%	
Member	Sung-Yuan Liao	4	0	100%	
Member	Chen-Yi Kao	4	0	100%	

Annotations:

1. The Operation of Remuneration Committee

Meeting Date	Meeting	Proposal	Resolution	TCI's Response to Resolution
2021/5/7	2021 1 st Meeting	1. Description of the Company's 2020 Employee Compensation and Director Compensation Distribution	Approved without objection	Approved by the Board of the Director
2021/6/16	2021 2 nd Meeting	1. The Company's managers' salary-related matters	Approved without objection	Approved by the Board of the Director
2021/11/8	2021 3 rd Meeting	1. Proposed Adoption of the List of Stock Option Holders (Controlling or Subordinate Company Manager) of the 1st Employee Stock Option Certificate 2021 of Maxigen Biotech Inc.	Approved without objection	Approved by the Board of the Director
2021/12/29	2021 4 th Meeting	1. The Company's 2021 manager year-end bonus issuance related matters	Approved without objection	Approved by the Board of the Director

2. If the Board of Directors does not accept or amend the suggestions of the Remuneration Committee, please state the Board meeting date, term, the motions, content of the resolutions of the Board, and the Company's handling of the opinions proposed by the Remuneration Committee: None.

3. For resolutions reached by the Remuneration Committee regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing, the Remuneration Committee meeting date, period, content of the resolution, opinions of all members, and the handling of the opinions of the members: None.

(5) Implementation of sustainable development and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
1. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is supervised by the board of directors?	V		<p>1. Describe the company's governance structure to promote sustainable development.</p> <p>The Company has set up a sustainable development governance structure with the Board of Directors as the highest level, and the ESG Development Team of the ESG Development Department as a dedicated unit. At the same time, the ESG Committee, composed of senior executives and the Chief Sustainability Officer, is authorized to guide and oversee the Company's sustainable development plans and execution.</p> <p>Board of Directors</p> <p>The board of directors focuses on urging and advising on sustainability issues, including assessing financial risks arising from sustainability and climate issues, reviewing capital expenditures related to sustainability and climate issues, leveraging research and development to capture sustainability-related opportunities, and the company's participation in climate and energy initiatives.</p> <p>ESG Committee</p> <p>The Chairman is the chairman of TCI's ESG Committee, and a total of 19 senior executives from each business unit and each center are members of the committee. The ESG Committee is divided into the Sustainable Manufacturing Team, Sustainable Products Team, Stakeholders Team,</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>Risk Management Team, Value Chain Management Team, Corporate Governance Team, Information Security Team, and Community Involvement Team. The Committee is responsible for overseeing the Company's implementation of each issue, and the Chief Sustainability Officer will make resolutions on sustainability-related projects in the Committee, including the risks and opportunities arising from sustainability, as well as response and mitigation measures. The ESG Committee meets at least once a quarter and reports to the Board of Directors at least once a year.</p> <p>ESG Development Department</p> <p>The ESG Development Department has set up an ESG Development Team, which is a dedicated unit for sustainable development in the Company and is directly under the President Office. It is responsible for internal management and transparent disclosure in accordance with the mainstream international sustainability information disclosure framework, such as GRI, TCFD and CDP.</p> <p>2021 Board of Directors' Supervision: The ESG Committee reported to the Board of Directors on December 29, 2021, focusing on stakeholder communication, risk management practices, succession planning for the Board of Directors and key management, intellectual property management plans linked to operational objectives, and internal audits, and proposed that future investments or mergers and acquisitions should include sustainable due diligence of the subject company as one of the necessary evaluation items.</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>2. Describe the performance of each organization of the Company, including but not limited to:</p> <p>(1) The name of the dedicated (part-time) unit for promoting sustainable development, the time point for its establishment, and the authorization of the Board of Directors.</p> <p>Our ESG Development Department has an ESG Development Team, which is a dedicated unit for sustainable development, led by the Chief Sustainability Officer and subordinate to the President Office. The Chief Sustainability Officer and ESG Development Department were set up in 2018 and were reorganized into the President Office in 2021 to facilitate the advancement of projects.</p> <p>(2) The composition, operation, and execution of the current year (e.g., work plan and execution) of the promotion unit members. The ESG Development Team consists of the Chief Sustainability Officer and ESG sustainability administrator with a background in corporate sustainable development and environmental engineering. 2021 implementation status: Supplier and customer satisfaction surveys for stakeholders, employee signatures on the Procedures for Ethical Management and Guidelines for Conduct, approval of the energy saving plan for the Pingtung Panshi Production Park, and assistance in convening meetings of the ESG Committee. The promotion unit also includes ESG Committee, which is composed of the top executives of each business unit</p>

Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>and each central unit, convened by the Chairman, and meets at least once a quarter and reports to the Board of Directors at least once a year.</p> <p>(3) Frequency of reporting to the Board of Directors by the promotion unit (at least once a year) or the date of the current annual report to the Board of Directors. The ESG Committee reports to the Board at least once a year and in 2021 the ESG Committee reported to the Board on December 29.</p> <p>3. Describe the Board of Directors' oversight of sustainable development, including but not limited to: management direction, strategy and goal setting, review measures, etc.</p> <p>2021 Board of Directors' Supervision: The ESG Committee reported to the Board of Directors on December 29, 2021, focusing on stakeholder communication, risk management practices, succession planning for the Board of Directors and key management, intellectual property management plans linked to operational objectives, and internal audits, and proposed that future investments or mergers and acquisitions should include sustainable due diligence of the subject company as one of the necessary evaluation items.</p> <p>For example, the Company established a risk management policy at the end of 2021 and reported the risk assessment report on environmental, social and corporate governance issues related to the Company's operations to the Board of Directors on December 29, 2021. The Board of Directors includes members with finance-related backgrounds and</p>	

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Abstract descriptions
			years of experience in assisting large corporations to achieve corporate transformation. The Board of Directors also includes members with biology-related academic backgrounds to advise and supervise the Company on climate related risks and opportunities.	
2. Does the company conduct risk assessment on environmental, social and corporate governance issues related to its operations and establish relevant risk management policies or strategies in accordance with the materiality principle?	V		<p>1. Specify the boundaries of the risk assessment (scope of subsidiaries covered). The boundaries of this risk assessment should be the same as the boundaries of the subsequent environmental and social issues in this form, and if there are differences, the boundaries should be stated in each issue.</p> <p>2. Describe the risk assessment criteria, process, results and risk management policies or strategies for identifying critical environmental, social and corporate governance-related issues.</p> <p>The Company has established the boundary of the Panshi Production Park, which includes the BioCosme PABP Branch of TCI and the TCI (TAIWAN) PABP Branch, as a risk assessment procedure for environmental, social, and corporate governance related to the Company's operations.</p> <p>Through industry focused issues, climate change related financial disclosure guidelines framework, we analyze international trends in corporate governance, and identify physical and transitional risks. The risk management process of TCI consists of the following four steps: (1) collection of risk issues, (2) identification of materiality, (3) analysis of financial impact, and (4) development of</p>	No significant differences

Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>countermeasures, as described below:</p> <p>(1) Collection of risk issues Through research reports on climate change published by international research institutions and stakeholder dialogues, we collect information on environmental, social, and corporate governance risks associated with the operation of TCI.</p> <p>(2) Identification of materiality Through interviews with senior executives at each unit, we compiled all risk issues that could affect operations and designed a risk assessment questionnaire. We described the possible impact on TCI in each questionnaire item, asked senior executives to respond to the questionnaire on the likelihood of occurrence and the degree of impact of each risk, and finally selected 7 key risks.</p> <p>(3) Analysis of financial impact We further quantify the financial impact of key risks in a given scenario, understand the potential impact on our operations, make adjustments to our established risk management mechanisms, and report to the Board of Directors at least once a year on specific strategies to address significant operational-related risks.</p> <p>(4) Development of countermeasures We propose management actions and programs to address the 7 significant risks identified, and review the effectiveness of management annually.</p>	

Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>3. Environmental issues</p> <p>(1) Has the company established an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>1. Describe how to implement an effective environmental management system and the regulations under which it is implemented.</p> <p>TCI has established internal regulations in accordance with the Waste Disposal Act, the Resource Recycling Act, the Air Pollution Control Act, the Noise Control Act, and the Water Pollution Control Act. Plus, TCI complies with the Act Governing Food Safety and Sanitation, the Cosmetic Hygiene and Safety Act, and the Consumer Protection Act.</p> <p>2. Specify the international certification standards that the company has passed (which should be valid as of the date of printing of the annual report) and the scope of their coverage.</p> <p>The Company is concerned about global environmental issues and trends, and in addition to complying with environmental laws and regulations in the locations where it operates worldwide, it has also passed the following international certification standards:</p> <p>TCI Co.,Ltd.- BioCosme PABP Branch:</p> <p>GMP, Quality Management System ISO 9001, Environmental Management System ISO 14001, Occupational Health and Safety System OHSAS 18001, Sedex, Greenhouse Gas Inventory Standard ISO 14064-1</p>	No significant differences

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Abstract descriptions
			<p>TCI (TAIWAN) PABP Branch:</p> <p>GMP, Food Safety Management System HACCP, Food Safety Management System ISO 22000, Food Safety Management System FSSC 22000, Energy Management System ISO 50001, Greenhouse Gas Inventory Standard ISO 14064-1, Sedex</p>	
(2) Is the company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		<p>Describe the company's policy to improve energy efficiency and use of recycled materials, including but not limited to: base year data, initiatives, targets and achievements.</p> <p>TCI is actively promoting energy conservation and gradually increasing the proportion of green power usage, moving toward a low-carbon, energy-efficient and sustainable production process.</p> <p>Key actions</p> <ol style="list-style-type: none"> 1. Self-consumption of solar panels to enhance the application of renewable energy 2. Systematic management of energy efficiency through the international standard ISO 50001 3. Commitment to the International Energy Initiative RE100, EP100 <p>2021 Performance</p> <ol style="list-style-type: none"> 1. 2021 Electricity consumption intensity: NT\$3.19 thousand revenue/kwh 2. 2021 Energy productivity: NT\$59.92 thousand revenue/GJ <p>TCI uses the Bioresource Data Mining technology to</p>	No significant differences

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>discover potent ingredients and compounds in nature, and through efficacy verification, we are able to "turn waste into gold" to bring health benefits from agricultural wastes and create a circular economy. For example, banana flower extract is used as an ingredient for male health care, banana peel extract is used as an ingredient for sleep relief, and peanut skin is used for blood sugar blocking, etc. Through the demand for health benefits, it is possible to generate economic value from unused agricultural waste and recycle it over the long term. In 2021, TCI's revenue from the use of recycled materials in functional health care products has reached NT\$1,427,299 thousand. At the same time, the aluminum mask bags made from recycled plastic have been exported to Europe, the United States and other Asian countries. By using recycled plastic, the use of virgin plastic can be reduced, thus lowering the impact on the environment.</p> <p>The ISO 50001 Energy Management System has been fully implemented in the Pingtung Precise iManufacturing Center, and the solar power system has been installed on the roof. The S11 green mask factory and the S12 fully automated warehouse of the TCI Co.,Ltd.- BioCosme PABP Branch have received LEED certification from the U.S. Green Building Council (USGBC) and are committed to reducing energy consumption and greenhouse gas emissions. In 2021, the TCI(TAIWAN) PABP Branch conducted various power saving projects such as air conditioning fan setting schedule control, steam cascade between factories, and APP control process equipment shutdown confirmation, etc. The estimated power saving can reach 170,930 kWh a year.</p>

Projects	Operating conditions			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons								
	Yes	No	Abstract descriptions									
(3) Does the company assess the potential risks and opportunities of climate change for the business now and in the future, and take measures to address climate related issues?	V		<p>Describe how the company has assessed the potential risks and opportunities of climate change for the business now and in the future, the results of the assessment and the measures taken to address them.</p> <p>The Company has established an ESG Committee, and in 2021, a Risk Management Team has been added to the Committee to analyze international trends related to climate change and issues of concern to the industry. We have adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify risks (including transitional risks and physical risks) and opportunities, and establish measurable and manageable indicators and targets based on the results of the identification, so that we can develop management measures such as mitigation and adaptation to address future issues related to climate change.</p> <p>Key Climate Risks and Responses</p> <p>Transitional Risks</p> <table border="1"> <thead> <tr> <th>Risk category</th> <th>Potential financial impact</th> <th>Risk cause</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td><Policy and regulation> REC competition</td> <td>Higher operating costs</td> <td>TCI has set the goal of using 100% renewable energy by 2030, and if its own power factories are not sufficient, it may compete with other companies for a limited number of RECs</td> <td>Self-built renewable energy generation facilities Implementation of greenhouse gas emission reduction</td> </tr> </tbody> </table>	Risk category	Potential financial impact	Risk cause	Response	<Policy and regulation> REC competition	Higher operating costs	TCI has set the goal of using 100% renewable energy by 2030, and if its own power factories are not sufficient, it may compete with other companies for a limited number of RECs	Self-built renewable energy generation facilities Implementation of greenhouse gas emission reduction	No significant differences
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(4) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulated policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	V		<p>1. Describe the statistics, intensity (e.g., per unit of product, service or revenue) and coverage (e.g., all factories and subsidiaries) for the last two years for the following items:</p> <p>The area covered by the information is the Panshi Production Park, which includes the TCI Co.,Ltd.-BioCosme PABP Branch and the TCI (TAIWAN) PABP Branch.</p> <p>(1) Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride, and others announced by the central authority, etc., distinguishing</p>	No significant differences								

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>between direct emissions (Scope 1, i.e., directly from sources owned or controlled by the company), indirect energy emissions (Scope 2, i.e., indirect greenhouse gas emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e., emissions from the company's activities that are not indirect energy emissions, but from sources owned or controlled by other companies);</p> <p>2020: Scope 1: 4917.5 CO₂e; Scope 2: 10205.7CO₂e 2021: Scope 1: 4259.5 CO₂e; Scope 2: 10536.3CO₂e</p> <p>(2) Water consumption; 2020: 322,164 metric tons 2021: 283,017 metric tons</p> <p>(3) Waste: The total weight of hazardous waste and non-hazardous waste are distinguished. For non-manufacturing industries, there is no need to differentiate, only the total weight of waste is disclosed and the statistical method is explained according to the characteristics of the industry. 2020: Non-hazardous waste: 1098.3 metric tons Hazardous waste: 1.1 metric tons 2021: Non-hazardous waste: 719.7 metric tons Hazardous waste: 0.645 metric tons</p>

Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>2. Describe the greenhouse gas reduction, water reduction or other waste management policies, including but not limited to: base year data, reduction targets, promotion measures and the achievement of the situation.</p> <p>Greenhouse Gas Management</p> <p>TCI is committed to environmental protection and energy conservation, and has established energy transformation and carbon reduction goals and strategies. By responding to international initiatives, TCI has joined international benchmarking initiatives such as RE100, EP100 and SBTi, and has publicly committed to green operations.</p> <p>In 2021, TCI's carbon reduction target was audited by SBTi, which committed to an absolute reduction of 51% in Scope 1 and 2 emissions by 2030, and an absolute reduction of 15% in Scope 3 "purchased goods and services", based on the most stringent 1.5°C pathway, with 2018 as the base year. Emission reductions in Scope 1 and 2 will be promoted gradually with the use of renewable energy and energy efficiency improvements; in Scope 3, reductions will be achieved through supplier screening mechanisms and monitoring to reduce emissions from the purchase of goods and services.</p> <p>Water Resources Management</p> <p>TCI Panshi Production Park's industrial water sources are all tap water with an approved volume of 1,500 CMD (including the TCI Co.,Ltd.-BioCosme PABP Branch and</p>	

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>the TCI (TAIWAN) PABP Branch). Depending on the purpose of use, it can be used in production after treatment with RO water purification system. S5 is a functional beverage plant, S9 is a functional food plant, S11 is a green energy efficient mask plant, and S12 is an automatic storage and office. S11 is designed with rainwater recovery lines for planting and irrigation, and RO concentrated water recovery for toilet flushing. In addition, condensate recovery is installed in the steam circuit of the plant, which is used for steam boiler water replenishment to improve the efficiency of use. In the future, TCI will continue to plan water conservation measures and water recycling programs to effectively manage water resources, with the goal of reducing water intensity by 25% by 2030, with a base year of 2022.</p> <p>Waste Management</p> <p>Waste management is carried out by the production unit and supervised by the environmental safety unit, with the goal of increasing the recycling rate of process waste and reducing the amount of waste generated at source. The disposal of waste is in accordance with the laws and regulations, and we apply for permission and report the quantity in accordance with the law, and entrust the disposal to qualified vendors.</p> <p>The production unit strictly enforces waste classification and management. Valuable waste is sold through the procurement department and recycled by external</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>organizations, while non-valuable waste is entrusted to qualified vendors for disposal and transportation. The qualifications of waste disposal vendors are strictly examined by TCI, and random inspections of waste disposal are conducted from time to time. Hazardous business waste is stored in a dedicated hazardous waste storage facility and then entrusted to qualified vendors for handling and transportation, and randomly followed by inspection to ensure that the vendors comply with the regulations.</p> <p>TCI is moving toward the goal of 100% recycling of waste by 2030. In addition to recycling its own packaging materials, the Company also cooperates with recycling companies to collect packaging materials from domestic customers by qualified contracted recyclers, and then provides packaging materials in good condition to production bases for secondary use. TCI keeps monthly statistics on package recycling volume, recycling rate and achievement rate, and reviews items that do not meet the target. Through the package recycling management mechanism, we can extend the life cycle of materials, lower material usage and cost, and reduce waste generation at the same time.</p>
<p>4. Social issues</p> <p>(1) Has the company established relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</p>	V		<p>Describe the policies and specific management plans for the protection of human rights (e.g., human rights assessment, human rights risk mitigation measures, education and training, etc.), and the relevant laws and regulations and the International Bill of Human Rights.</p> <p>No significant differences</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>The Company complies with the Labor Standards Act, the Employment Service Act and the Act of Gender Equality in Employment, and has established a "Code of Conduct for Employees" that complies with these laws and regulations. In addition, in order to fulfill our corporate social responsibility and protect the basic human rights of all employees, customers and stakeholders, the Company complies with relevant labor laws and regulations and follows the International Bill of Human Rights to protect the legitimate rights and interests of employees and respect the internationally recognized basic labor human rights principles, including the Universal Declaration of Human Rights, the International Labour Organization Conventions, and the United Nations Global Compact. The objectives set out are to prohibit any form of discrimination, to prohibit forced labor and child labor, to prohibit hindering the freedom of association of employees, and other principles enshrined in the International Bill of Human Rights, to strictly prohibit the use of child labor and eliminate discrimination against women, and to protect the rights of persons with physical and mental disabilities.</p> <p>TCI is committed to complying with international regulations related to social responsibility, labor laws and gender equality laws, and upholding the principles of "respect for human rights," "equal employment," and "hiring the right person for the right job," and not discriminating against employees based on gender, age, race, nationality, religion, marital status, or political affiliation. TCI is committed to</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			building an operating environment that is honest, healthy, safe, and internationally competitive. In order to implement labor human rights, TCI promotes human rights concepts and policies in all training courses and teaching materials for new employees, and also strengthens the promotion of sexual harassment prevention and control, as well as the promotion of diversified and smooth labor-management communication channels to ensure a quality and safe working environment for employees.
(2) Has the company established and implemented reasonable employee benefit measures (including salary, leave and other benefits, etc.) and appropriately reflected operational performance or results in employee compensation?	V		<p>1. Employee benefits shall include, but not be limited to, employee compensation, workplace diversity and equality (including, but not limited to, the percentage of female employees and senior executives), vacations, allowances, gifts and subsidies, etc.</p> <p>The Company provides employees with labor insurance and health insurance, contributes to labor pensions, and implements incentives such as employee bonuses and year-end bonuses. We have established an employee welfare committee to provide welfare benefits and statutory vacations in accordance with the law, and hold regular meetings to formulate and promote various welfare measures, such as employee club subsidies and travel.</p> <p>TCI is committed to diversity, tolerance and equal opportunities for workers in seeking employment. Our corporate culture of "trust," "innovation" and "wisdom" attracts like-minded workers and builds solidarity, and we strive to provide high-quality, competitive career</p>

Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>development for our employees. As of the end of December 2021, the total number of domestic and overseas employees of TCI was 1,039, of which 52% were male and 48% were female. Based on the number of managers, the percentage of male colleagues was 47% and the percentage of female colleagues was 53%, which shows that TCI is committed to gender equality and prohibits any form of discrimination in the appointment, training, and promotion system.</p> <p>2. Describe how operating performance or results are reflected in employee compensation policies and how they are implemented.</p> <p>The Company has a Compensation Committee consisting of three members appointed by resolution of the Board of Directors, a majority of whom shall be independent directors. The professional qualifications and independence of the committee members shall be in accordance with Articles 5 and 6 of the Compensation Committee Terms of Reference. The committee members shall regularly evaluate the achievement of the performance goals of the Company's directors, supervisors and managers and determine the content and amount of their individual compensation based on the evaluation results obtained from the performance evaluation criteria. In addition, a disciplinary committee is established under the President Office to review the linkage between employee performance and bonuses at least once a quarter.</p>	

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Abstract descriptions
(3) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	V		<p>1. Describe the measures for a safe and healthy working environment for employees, the education policy for employees and its implementation.</p> <p>The Company maintains and supervises the working environment of the factory and office in accordance with the relevant labor safety and health laws and regulations. In addition to the three-month health checkups required for new employees at the factory, both factories conduct regular employee health checkups in the middle of each year, and the Taipei Head Office has made it mandatory for employees to undergo a full health checkup every two years, while simple health checkups are held from time to time depending on the annual status.</p> <p>In order to maintain office safety, no flammable and dangerous items are allowed to be placed in the office. In accordance with the Tobacco Hazards Prevention Act, smoking is banned in all indoor workplaces and public places, and drinking water facilities that meet drinking water standards are installed in the workplace and are regularly cleaned and maintained. The workplace environmental hygiene management and cleaning maintenance are regularly maintained by professional cleaning companies. The Precise iManufacturing Center performs external environmental monitoring, fire-fighting and first-aid drills every six months.</p> <p>During the pandemic, the Company provides employees with vaccination supplies and transportation to and from</p>	No significant differences

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>work to avoid crowded transportation, and offers paid vaccination leave to maintain employee safety and health. For a safe and healthy working environment, the Company holds labor safety and health education training at least every six months.</p> <p>2. Describe the relevant certifications obtained by the company, which should be valid as of the date of printing of the annual report, and the scope of coverage.</p> <p>The Company has obtained OHSAS 18001 and Sedex audit.</p> <p>3. Describe the number of employee accidents, the number of employees, the ratio of the total number of employees, and the related improvement measures for the current year.</p> <p>The number of employee accidents in 2021 was 3, accounting for 0.29% of the total number of employees. The improvement measures are to strengthen employee occupational safety training and traffic safety promotion.</p>
(4) Does the company have an effective career development program for its employees?	V		<p>Every year, our supervisors and employees discuss the career development of our employees through performance appraisal, and set up the next year's plan. To encourage lifelong learning, to enrich professional knowledge, to improve professional skills and humanities, and to improve service quality and performance, the Company provides all employees with multiple channels for further education.</p> <p>All full-time employees who submit an application for further education, stating the subject matter, the method and professional</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			relevance, and the benefits for future performance improvement, can be supported by the Company to participate in various on-the-job education and training courses after approval by the human resources department and supervisors. In accordance with the succession plan for senior management, the Company also arranges for employees to attend on-the-job training courses related to management.
(5) Does the company follow relevant laws and regulations and international standards, and has a policy and complaint procedure to protect the rights of consumers or customers with regard to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>Describe the regulatory and international standards that govern each matter, and describe the name, content, and complaint procedures of the consumer or customer protection policy.</p> <p>The Company has quality contracts with key R&D and production suppliers to ensure the quality of the final products to be developed in the future, and has a laboratory for product testing and batch number traceability to ensure consumer safety. The Company has set up a sales department to provide customers with product services and consultation, and maintain a smooth contact channel with customers. In the internal control system, there is a chapter on customer complaint handling process, in which project managers and quality control unit will help to clarify the customer's situation within the first time, quickly eliminate the dissimilarities and give customers improvement plans and answers to protect the rights of customers.</p> <p>For the marketing and labeling of our products and services, we follow the relevant laws and regulations and international standards.</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		Abstract descriptions
			<p>The maintenance of customer privacy is one of the key objectives of TCI's information security management. In accordance with the General Data Protection Regulation (GDPR), the Company has established a Privacy Protection Policy, which provides the contact information of the person in charge of the customer's privacy policy and allows the customer to make inquiries, read, correct, stop collecting or request deletion. TCI strictly adheres to the contents of customer contracts and confidentiality pledges, and messages, documents and information related to customers that are commercially confidential are uploaded to the internal system through an encryption mechanism for strict control, and documents can only be viewed by logging into the system with an account password and through decryption operations applied online. In 2021, TCI did not receive any complaints of privacy violations.</p>
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights issues, and how is it implemented?	V		<p>In order to strengthen the implementation of sustainable development of the supply chain, TCI has promulgated the Supplier Code of Conduct, which serves as an important reference for the overall evaluation of suppliers, ensuring that suppliers currently working with TCI comply with laws and regulations, including labor rights, health and safety, and environmental standards, in the course of providing products and services, and actively respond to current environmental protection and social issues, and assume corporate social responsibility and make continuous improvements and enhancements. The Company issues supplier self-assessment forms as a reference for evaluating cooperation, and includes</p>

Projects	Operating conditions		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons				
	Yes	No		Abstract descriptions			
			<p>ESG self-assessment items such as protection of human rights, labor rights, health and safety, and environmental protection in the supplier self-assessment forms as important points in the supplier assessment scores, in order to reduce sustainability risks arising in the supply chain and enhance the overall sustainability benefits of the value chain. At the same time, we continue to encourage suppliers to sign the Supplier Code of Conduct and conduct regular on-site audits of key suppliers with high procurement volumes.</p> <p>Four Major Aspects of the Supplier Code of Conduct Specification</p> <table border="1"> <tr> <td> Labor <ul style="list-style-type: none"> • Prohibition of improper labor • Freedom of labor • Working hours • Prohibition of child labor • Wage and benefit policy • Humane policy • Freedom of association </td> <td> Health and Safety <ul style="list-style-type: none"> • Safety and environmental practices • Emergency response policy • Protection and safety • Education and training </td> </tr> <tr> <td> Environment <ul style="list-style-type: none"> • Environmental maintenance • Hazardous material labeling and safety practices • Water resources management • Greenhouse gas management policy </td> <td> Ethical Standards <ul style="list-style-type: none"> • Information disclosure and no falsification or misrepresentation • Fair competition • Employee whistle-blowing channels • Privacy and information security policy • Prohibition of conflict of interest • Transfer of rights and benefits • Regulatory compliance </td> </tr> </table>	Labor <ul style="list-style-type: none"> • Prohibition of improper labor • Freedom of labor • Working hours • Prohibition of child labor • Wage and benefit policy • Humane policy • Freedom of association 	Health and Safety <ul style="list-style-type: none"> • Safety and environmental practices • Emergency response policy • Protection and safety • Education and training 	Environment <ul style="list-style-type: none"> • Environmental maintenance • Hazardous material labeling and safety practices • Water resources management • Greenhouse gas management policy 	Ethical Standards <ul style="list-style-type: none"> • Information disclosure and no falsification or misrepresentation • Fair competition • Employee whistle-blowing channels • Privacy and information security policy • Prohibition of conflict of interest • Transfer of rights and benefits • Regulatory compliance
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Projects	Operating conditions		Abstract descriptions	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			The rate of new suppliers signing the Supplier Code of Conduct for 2021 was 100%, and TCI has audited 66 suppliers on site.	
5. Does the company make reference to international standards or guidelines for the preparation of reports, such as ESG report, which discloses non-financial information about the company? Has the report been certified by a third party?		V	<p>1. Describe the international standards or guidelines to which the company refers and the reports it prepares that disclose non-financial information.</p> <p>The ESG report was compiled in accordance with GRI and TCFD, which are internationally accepted standards for the preparation of reports, to disclose non-financial information about the Company, and is expected to obtain third-party assurance.</p> <p>2. If confirmation or assurance is obtained, the name of the verification unit, the item or scope of the verification and the standard to be followed shall be specified.</p> <p>The 2021 version of TCI's ESG report is expected to receive limited confirmation from the accountants.</p>	No significant differences
6. If the company has its own code of conduct for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between its operation and the code: A CSR policy has been established, and it has been implemented in accordance with the order, and there are no differences.				
7. Other important information that helps to understand the implementation of promoting sustainable development: The Company uses collagen and hyaluronic acid extracted from cow tendons as raw materials and manufactures the products without violating the relevant environmental regulations.				

(6) Ethical Corporate Management

Evaluation Item	Implementation Status (Note)			Deviating from the “Corporate Social Responsibility Best-Practice Principles for TWSE/TAPEX Listed Companies” and the root causes
	Yes	No	Brief Explanation	
1. Formation of ethical management policies and methods				
(1) Has the Company explicitly declared the ethical management policy and method in the Articles of Incorporation and external documents as well as the commitment of the Board of Directors and the management to actively implement the operating policies?	✓		(1) The company has formulated the "Ethical Corporate Management Best Practice Principles", and all business operations are based on the Principles.	None
(2) Has the Company adopted preventive measures in response to Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or preventive measures for business activities within their business scope which are at a higher risk of being involved in unethical conduct?	✓		(2) In addition to the prohibition of unethical conduct in the Ethical Corporate Management Best Practice Principles, regulations for compliance with the Principles and relevant policies have also been disclosed, and the Company's "Integrity Procedures and Behavior Guidelines" have been established.	None
(3) Has the Company stipulated the prevention programs to forestall unethical conduct and specified in the programs the operational procedures, guidelines, and punishments and the grievance system and implemented the programs?	✓		(3) The Company has specified in the Company's "Integrity Procedures and Behavior Guidelines" the scope and authority of the prevention programs and has stipulated in the "Work Regulations" that if an employee is confirmed to engage in unethical conduct, he or she will be dismissed.	None
2. Implementation of Ethical Management				
(1) Does the Company evaluate the integrity record of the counterparty and clearly stipulate the terms of integrity in the contract signed with the counterparty?	✓		(1) When the Company signs a contract with others according to the "Ethical Corporate Management Best Practice Principles", the Company should fully understand the other party's integrity management status and should incorporate the content of ethical management into the contract terms or specify the ethical management-related matters.	None
(2) Has the Company set up a dedicated unit affiliated to the Board of Directors to promote ethical corporate management,	✓		(2) It is clearly stipulated in the Ethical Corporate Management Best Practice Principles that the Company's Legal Affairs unit	None

Evaluation Item	Implementation Status (Note)			Deviating from the “Corporate Social Responsibility Best-Practice Principles for TWSE/TAPEX Listed Companies” and the root causes
	Yes	No	Brief Explanation	
which regularly (at least once a year) reports its implementation to the board of directors?			is responsible for the formulation of ethical management policies and prevention programs and that the internal auditors are responsible for supervising the implementation of the programs and submitting audit reports to the Board of Directors.	
(3) Has the Company developed policies to prevent conflicts of interest, provided adequate channels for communication and implemented the policies?	✓		(3) Recusal-related regulations are clearly stipulated in the Ethical Corporate Management Best Practice Principles. Contact persons for all business operations are assigned, and the contact information (email) and relevant operating regulations are posted on the official website for query and compliance purposes.	None
(4) Has the Company established effective accounting systems and internal control systems to implement ethical management; also, have audits been performed by the internal audit unit on a regular basis or by the commission CPAs?	✓		(4) The Company has a dedicated audit unit that regularly conducts internal audits and control, and the relevant operating regulations are announced on the official website.	None
(5) Does the Company regularly organize internal and external education and training programs on ethical management?	✓		(5) The Company promulgates the relevant regulations on ethical management through regular supervisor meetings and internal department meetings.	None
3. The operation of the Company’s whistleblowing system				
(1) Has the Company formulated a specific reporting and reward system, established convenient whistleblowing channels, and assigned appropriate persons in charge of handling the whistleblowing case according to the subject?	✓		(1) The Company has specified the whistleblowing and punishment system in Ethical Corporate Management Best Practice Principles, and announced to all colleagues. Employees can submit whistleblowing reports to senior executives in any form.	None
(2) Has the Company established the standard operating procedures for whistleblowing investigations, the follow-up measures to be taken after the investigations are completed, and the relevant confidentiality mechanism?	✓		(2) The investigation standard operating procedures and related confidentiality mechanisms have been stipulated in the Company's Integrity Procedures and Conduct Guidelines.	None
(3) Has the Company taken measures to protect the whistleblowers from improper treatment due to the whistleblowing?	✓		(3) The Company adopts an anonymous whistleblowing policy to protect the whistleblower from improper treatment due to whistleblowing.	None

Evaluation Item	Implementation Status (Note)			Deviating from the “Corporate Social Responsibility Best-Practice Principles for TWSE/TAPEX Listed Companies” and the root causes
	Yes	No	Brief Explanation	
4. Enhancement of information disclosure (1) Has the company disclosed on its website and MOPS the content of the Ethical Corporate Management Best Practice Principles and implementation results?	✓		(1) The company has disclosed the content of its Ethical Corporate Management Best Practice Principles on its website and MOPS.	None
5. If the Company has stipulated the “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Management Best-Practice Principles for TWSE/TAPEX Listed Companies,” please state its deviation from the “Ethical Management Best-Practice Principles for TWSE/TAPEX Listed Companies” in operation: The Company's cooperation with various manufacturers and organizations is handled in accordance with the principle of integrity management, and the "Ethical Corporate Management Best Practice Principles" have been established and approved by the Board of Directors. The Board of Directors and management promised to actively implement ethical management in internal management and external business activities.				
6. Other important information helpful understanding the ethical management operation:(For example, reviews and revision of the Company's Ethical Corporate Management Best Practice Principles) The Company is based on honesty, and strives to be responsible for investors, users and society. In addition, the Company and related manufacturers and partners are mostly in long-term cooperative relationships and set up relevant full-time personnel to participate in business operations, maintain long-term stable cooperative relations and clearly define the code of conduct and rewards and punishments in the employee handbook, and strive to operate in good faith.				

(7) The Company has the corporate governance Best-Practice Principle and the related inquiries established: The Company website (<https://www.tci-bio.com/Investor/Rules/zh-tw/>) is with the corporate governance section designated for investor’s inquiring and downloading corporate governance-related regulations; also, it is published on the MOPS.

(8) Other important information helpful in understanding the corporate governance operation: None.

(9) The implementation of the internal control system

A. Statement of Internal Control System

TCI Co., LTD.

Statement of Internal Control System

Date: March 22, 2022

Based on the findings of a self-assessment, TCI Co., Ltd. (TCI) states the following with regard to its internal control system during the year 2021

1. TCI's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system, and TCI has established such a system. Our internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
2. An internal control system has its inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishment of the objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to circumstances beyond control. Nevertheless, the internal control system of TCI contains self-monitoring mechanisms, and TCI takes actions in response to any identified deficiencies.
3. TCI evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the Regulations"). The criteria adopted by the Regulations identify five components of managerial internal control : (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities, Each component further contains several items. Please refer to the Regulations for details.
4. TCI has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, TCI believes that, on December 31, 2021, it has maintained, in all material respects, and effective internal control system (that included the supervision and management of subsidiaries), to provide reasonable assurance over operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of TCI's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting on March 22, 2022, with all of the seven attending directors all affirming the content of this Statement.

TCI Co., Ltd.



Chairman: Yung-Hsiang Lin



(Signature)

General Manager: Yung-Hsiang Lin



(Signature)

B. If a CPA is commissioned to review the internal control system specifically, the review report should be disclosed: None.

(10) The Company and its internal staff being punished lawfully, the punishment given by the Company to the violators of internal control system, major nonconformity, and the improvement in the most recent year and up to the publication of the annual report: None.

(11) The material resolutions reached in the shareholders' meeting and board meeting in the most recent year and up to the publication of the annual report

A. Important Resolutions Reached in the Shareholders' Meeting

May 20, 2022

Meeting Date	Important Resolution	Implementation
July 7, 2021	1. Adoption of the 2020 business report and financial statements	Resolution passed
	2. Adoption of the proposal for distribution of 2020 profits	1. The proposed dividend to shareholders is NT\$ 8.88 per share. The total amount of distribution is NT\$1,040,755,261. 2. The dividend distribution rate was adjusted because the treasury shares were transferred to employees and the Company had 532,000 treasury shares, which did not participate in the ex-dividend. 3. The amount of cash dividends allotted per share after the change is as follows: Cash dividends, NT\$8.84185241 per share 4. The ex-dividend date is September 19, 2021. The cash dividend was distributed on October 8, 2021.
	3. Amendments to the Articles of Incorporation	Resolution passed
	4. Amendments to the Operational Procedures for Acquisition or Disposal of Assets	Resolution passed
	5. Release of Directors and their Representatives from the Prohibition on Competing for Business	Resolution passed

B. Important Resolutions of the Board of Directors

May 20, 2022

Meeting Date	Important Resolution	Implementation
March 8, 2021	<ol style="list-style-type: none"> 1. The Company's 2020 internal control system statement 2. The Company's 2020 business report and financial statement 3. The Company's 2020 distribution of employees' and directors' remuneration 4. The Company's 2020 earnings distribution 5. Application for derivatives trading quota from financial institutions 6. The Company's personnel appointment case 7. Amendments to the Articles of Incorporation 8. Release of directors and their representatives from the prohibition of competition 9. Release of manager from prohibition of competition 10. Planning of the date, place and reason for the meeting of the Company's 2021 shareholders meeting 11. The Company's proposed public acquisition of the common shares of Maxigen Biotech Inc. 	The same as the resolution(s)
May 7, 2021	<ol style="list-style-type: none"> 1. Amendments to the company's internal control system management measures 2. Application for financing loans and credit risk lines from financial institutions 3. Description of the Company's 2020 Employee Compensation and Director Compensation Distribution 4. Proposed capital reduction base date 5. Proposed base date for capital increase 6. Proposed amendments to the Articles of Incorporation 7. Proposed amendments to the Operational Procedures for Acquisition or Disposal of Assets 8. Proposed amendments to the convening of the Company's 2021 Annual General Meeting of Shareholders 	The same as the resolution(s)
June 16, 2021	<ol style="list-style-type: none"> 1. Change of the date of the Annual General Meeting of Shareholders in 2021 2. Personnel adjustment of the Company 3. Salary-related matters for the Company's managers 	The same as the resolution(s)
August 10, 2021	<ol style="list-style-type: none"> 1. The proposed ex-dividend date for the distribution of the Company's earnings for fiscal 2020 and other related matters 2. Application to financial institutions for loan facilities (extension of contract) 3. Nominating Committee Periodic Review Case 	The same as the resolution(s)
November 8, 2021	<ol style="list-style-type: none"> 1. Establishment of the Company's audit plan for 2022 2. Application for financing facilities from financial institutions 3. Release of manager's prohibition of competitive activity 4. Proposed Adoption of the List of Stock Option Holders (Controlling or Subordinate Company Manager) of the 1st Employee Stock Option Certificate 2021 of Maxigen Biotech Inc. 	The same as the resolution(s)
December 29, 2021	<ol style="list-style-type: none"> 1. Amendments to the company's internal control system management measures 2. Proposed "2022 Operating Plan" and "2022 Budget" of the Company 3. The Company's assessment of the competence and independence of certified public accountants 4. The 2022 annual remuneration plan for certified public accountants 5. The company's 2021 manager year-end bonus issuance related matters 6. Application for financing loan line by financial institutions 7. Proposed Risk Management Office Act of the Company 8. Proposed to establish the appointment, dismissal, appraisal and remuneration of the Company's internal auditors 9. Amendments to the "Regulations Governing Self-appraisal or Peer Appraisal by the Board of Directors" of the Company 10. Proposed base date for capital increase 11. The Company's investment in a new company 12. The Company intended to dispose of its equity interest in TCI Gene Inc. 13. The Company's plan to provide endorsement and guarantee for the subsidiary 	The same as the resolution(s)

- (12) The contents of the Board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing in the most recent year or up to the publication of the annual report: None.

Summary Table of Resignation and Dismissal of Relevant Persons of the Company

May 20, 2022

TITLE	NAME	DATE OF EMPLOYMENT	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Head of Finance	Chia-Chi Li	109/10/28	110/06/16	Resignation
Head of Accounting	Chen-Chen Fu	109/07/24	111/03/22	Transfer

Note: The term “relevant persons of the company” refers to the Chairman, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor and R&D Supervisor, etc.

4. Information Regarding the Company’s Audit Fee and Independence

(1) Audit Fee

CPA Firm	Name of CPAs		Audit Period	Remark
PwC Taiwan	Ming-Chuan Hsu	Ping-Chun Chi	Year of 2021	None

Unit: NT\$ 1,000

Fee Range		Fee Item	Audit Fee	Non-audit Fee	Total
1	Less than NT\$2,000,000				
2	NT\$2,000,000 - 3,999,999		✓	✓	
3	NT\$4,000,000 - 5,999,999				✓
4	NT\$6,000,000 - 7,999,999				
5	NT\$8,000,000 - 9,999,999				
6	Over NT\$10,000,000				

- (2) If any of the following circumstances occurs, the Company shall disclose the relevant information of the issue:

- A. If the non-audit fees paid to the CPAs, CPAs Firms, and its affiliated companies is over 25% of the audit fee, the amount of audit fee and non-audit fee and contents of the non-audit service should be disclosed:

Unit: NT\$ 1,000

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fees					Audit Period	Remark
			System Design	Company Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Ming-ChuanHsu	3,200	0	0	0	2,145	2,145	2021	Consulting services and transfer pricing services
	Ping-Chun Chi								

B. If the replacement of the accounting firm and the audit fee amount paid in the year of the replacement is lower than the audit fee amount in the year before the replacement, the amount and reason for the audit fee amounts before and after the replacement shall be disclosed: None.

C. If the audit fee amount and ratio reduced and the root cause of the reduction: None.

5. Replacement of CPAs: None.

6. The Company's Chairman, President, and Finance or Accounting Officer have held a position in the independent accounting firm or its affiliates over the past year: None.

7. Changes in the shares held and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report

(1) Changes in equity transfer and pledge

Unit: share

Title	Name	2021		As of April 30, 2022	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	Yung-Hsiang Lin	369,000	0	0	0
Director	Yang Guang Investment Co., Ltd.	(45,000)	0	0	0
	Authorized Representative: Pi-Shu Li	0	0	0	0
Director	DyDo Group Holdings, INC.	0	0	0	0
	Authorized Representative: Tomiya Takamatsu	0	0	0	0
Independent Director	Shu-Min He	0	0	0	0
Independent Director	Shih-Ming Li	0	0	0	0
Independent Director	Sung-Yuan Liao	0	0	0	0
Independent Director	Chen-Yi Kao	0	0	0	0
Deputy General Manager	Yung-Hao Lin	130,000	180,000	0	0
Assistant Vice President	Min Yueh	5,000	0	0	0
Manager	Tung-Wei Li	2,000	0	0	0
Spokesperson	Cian-Tian Huang	0	0	1,000	0
Supervisor, Internal Audit Department	Wei-Chiang Chi	0	0	0	0

Title	Name	2021		As of April 30, 2022	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Head of Cost Management Center	Tzu-Chen Ou	0	0	0	0
Head of Strategic Intelligence Center	Hao-Chun Wang	0	0	0	0
Head of Precise iManufacturing	Chiu-Yueh Li	0	0	0	0
Head of Talent Development Center	Chiao-Ling Li	0	0	28,000	0
Head of Finance Department	Yi-Chun Liu	20,000	0	0	0
Head of Corporate Governance	Chen-Chia Huang	11,000	0	0	0
Head to Sock Service Team	Juen-Ying Chiou	0	0	0	0

Note: Tzu-Chen Ou and Cian-Tian Huang were newly appointed in March 2022, and Hao-Chun Wang, Chiu-Yueh Li and Chiao-Ling Li were newly appointed in April 2022.

(2) The counterparty of the equity transfer is a related party: None.

(3) The counterparty of the equity pledge is a related party: None.

8. The top-10 shareholders who are the spouses or relatives within the two degree of kinship to each other.

As of May 1, 2022; Unit: share / %

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top 10 Shareholders, or Spouses or Relatives Within the Two Degree of Kinship		Remark
	Shares	%	Shares	%	Shares	%	Name	Relations	
Taipei Fubon Commercial Bank Trust Dade Group Holdings Co., Ltd. Investment Account	9,593,216	8.15%	0	0	0	0	Taipei Fubon Commercial Bank Trust Datong Pharmaceutical Industry Co., Ltd. Investment Account	Parent company and its subsidiary	
Yang Guang Investment Co., Ltd.	4,511,053	3.83%	0	0	0	0	—	—	
Taipei Fubon Commercial Bank Trust Datong Pharmaceutical Industry Co., Ltd. Investment Account	4,294,409	3.65%	0	0	0	0	Taipei Fubon Commercial Bank Trust Dade Group Holdings Co., Ltd. Investment Account	Parent company and its subsidiary	
Yung-Chiang Investment Co., Ltd.	3,649,623	3.10%	0	0	0	0	Yung-Hsiang Lin	Authorized Representative	
HSBC Trust State of Wisconsin Investment Board	2,666,000	2.26%	0	0	0	0	—	—	
Fubon Life Insurance Co., Ltd.	2,619,000	2.22%	0	0	0	0	—	—	
Yung-Hsiang Lin	2,436,405	2.07%	46,000	0.04%	0	0	Yung-Chiang Investment Co., Ltd.	Authorized Representative	
Cathay United Bank Custody Jie Tim Co., Ltd. Investment Account	1,860,000	1.58%	0	0	0	0	—	—	
Jui-hua Tsai	1,702,538	1.45%	0	0	0	0	—	—	
HSBC Trust State of Baillie Gifford Global Income Growth Fund	1,529,000	1.30%	0	0	0	0	—	—	

9. The shares of the invested company held by the Company, the Company's directors, supervisors, managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio

As of May 1, 2022 ; Unit: share / %

Affiliated Enterprises	Investment by TCI		Investment by TCI's Directors, Supervisors, Managers and its directly or indirectly controlled business		Total Investment	
	Shares	%	Shares	%	Shares	%
TCI Firstek Corp.	277,527,703	100%	0	0	277,527,703	100%
TCI Gene Inc.	11,096,692	51.71%	0	0	11,096,692	51.71%
Shanghai BioCosme Co., Ltd.	500,000	100%	—	—	500,000	100%
BioFunction, Shanghai BioTech Group	Note 1	100%	—	—	Note 1	100%
TCI HK LIMITED	Note 1	100%	—	—	Note 1	100%
TCI BIOTECH LLC	Note 1	100%	—	—	Note 1	100%
TCI BIOTECH USA LLC	Note 1	100%	—	—	Note 1	100%
TCI JAPAN CO., LTD	Note 2	100%	—	—	Note 2	100%
PT TCI BIOTEK INDO	Note 3	100%	—	—	Note 3	100%
TCI Biotech Netherlands B.V.	6,592,950	100%	—	—	Note 3	100%
Quantum Biology Inc.	3,000,000	100%	—	—	3,000,000	100%
MAXIGEN BIOTECH INC.	17,579,881	22.83%	—	—	17,579,881	22.83%
PETFOOD Biotechnology Co., Ltd.	18,000	60%			18,000	60%

Note 1: As a company limited by shares, there is no issuance of shares.

Note 2: The capital amount is 55 million JPY.

Note 3: The capital had not been invested as of December 31, 2021.

IV. Business Capitalization

1. Capital and Shares

(1) Capitalization

A. Equity formation

As of 5/1/2022; Unit: NT\$1,000 / 1,000 shares

Year/ Month	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Remark			
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others	
95.08	10	12,000	120,000	5,380	53,800	Capitalization by Cash	10,000	—	Note 1
96.08	10	12,000	120,000	6,380	63,800	Capitalization by Cash	10,000	—	Note 2
97.04	12	12,000	120,000	7,380	73,800	Capitalization by Cash	10,000	—	Note 3
98.10	10	12,000	120,000	8,618	86,180	Capitalization by Cash Capitalization by Earnings	5,000 7,380	—	Note 4
99.08	10	50,000	500,000	15,000	150,000	Capitalization by Cash Capitalization by Earnings	10,001 53,819	—	Note 5
100.07	10	50,000	500,000	20,042	200,420	Capitalization by Earnings Capitalization by Employee Bonus	45,000 5,420	—	Note 6
100.12	68	50,000	500,000	22,642	226,420	Capitalization by Cash	26,000	—	Note 7
101.09	10 18	50,000	500,000	29,799	297,996	Capitalization by Earnings Conversion by Stock Option	67,926 3,650	—	Note 8
102.04	18	50,000	500,000	29,812	298,126	Conversion by Stock Option	130	—	Note 9
102.08	10 18	50,000	500,000	39,423	394,234	Capitalization by Earnings Conversion by Stock Option	89,438 6,670	—	Note 10
102.09	93	50,000	500,000	43,880	438,804	Capitalization by Cash	44,570	—	Note 11
103.08	10 18	100,000	1,000,000	51,024	510,244	Capitalization by Earnings Conversion by Stock Option	65,821 5,620	—	Note 12
103.10	72.3	100,000	1,000,000	55,624	556,244	Capitalization by Private Placement	46,000	—	Note 13
104.08	10 18	100,000	1,000,000	61,202	612,028	Capitalization by Earnings Conversion by Stock Option	55,624 160	—	Note 14
105.02	36 88	100,000	1,000,000	65,276	652,764	Conversion by Stock Option Conversion by Convertible Bond	1,680 39,056	—	Note 15
105.05	88	100,000	1,000,000	66,607	666,071	Conversion by Convertible Bond	13,306	—	Note 16
105.08	10 78.8	100,000	1,000,000	75,370	753,698	Capitalization by Earnings Conversion by Convertible Bond Capitalization by Restricted Employee Share	78,332 3,295 6,000	—	Note 17
105.10	10 78.8	100,000	1,000,000	75,447	754,470	Conversion by Stock Option Conversion by Convertible Bond	10 761	—	Note 18
106.01	10 78.8	100,000	1,000,000	75,621	756,213	Conversion by Stock Option Conversion by Convertible Bond	1,730 13	—	Note 19
106.04	10 78.8	100,000	1,000,000	75,653	756,525	Conversion by Stock Option Conversion by Convertible Bond	300 13	—	Note 20
106.06	10	100,000	1,000,000	75,669	756,685	Conversion by Stock Option	160	—	Note 21
106.07	10	100,000	1,000,000	87,012	870,117	Capitalization by Earnings	113,432	—	Note 22
107.04	10	100,000	1,000,000	87,070	870,701	Conversion by Convertible Bond	584	—	Note 23
107.07	10	200,000	2,000,000	100,122	1,001,219	Capitalization by Earnings	130,518	—	Note 24
107.11	10	200,000	2,000,000	102,232	1,022,321	Conversion by Stock Option Conversion by Convertible Bond	5,260 15,842	—	Note 25
108.01	10	200,000	2,000,000	102,608	1,026,076	Conversion by Stock Option Conversion by Convertible Bond	420 3,335	—	Note 26
108.04	10	200,000	2,000,000	102,742	1,027,422	Conversion by Convertible Bond	1,347	—	Note 27
108.08	10	200,000	2,000,000	102,792	1,027,920	Conversion by Convertible Bond	497	—	Note 28
108.08	10	200,000	2,000,000	118,183	1,181,831	Capitalization by Earnings	153,911	—	Note 29

Year/ Month	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Remark			
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others	
108.10	10	200,000	2,000,000	119,598	1,195,981	Conversion by Stock Option Restricted Employee Share	5,210 8,940	—	Note 30
109.02	10	200,000	2,000,000	119,617	1,196,171	Conversion by Stock Option	260	—	Note 31
109.06	10	200,000	2,000,000	117,610	1,176,101	Cancellation of Restricted Employee Shares Cancellation of treasury shares	70 20,000	—	Note 32
109.08	10	300,000	3,000,000	117,610	1,176,101	Increase in total capital, amendments to the company's Articles of Incorporation, full re-election of directors		—	Note 33
109.09	10	300,000	3,000,000	117,607	1,176,071	Cancellation of Restricted Employee Shares	30	—	Note 34
109.11	10	300,000	3,000,000	118,190	1,181,901	Conversion by Stock Option Cancellation of Restricted Employee Shares	589 60	—	Note 35
110.01	10	300,000	3,000,000	118,220	1,182,201	Conversion by Stock Option Cancellation of Restricted Employee Shares	360 60	—	Note 36
110.07	10	300,000	3,000,000	118,239	1,182,398	Cancellation of Restricted Employee Shares Conversion by Stock Option Conversion by Convertible Bond	40 230 6.61	—	Note 37
110.12	10	300,000	3,000,000	118,239	1,182,398	Business Item Registration		—	Note 38
111.01	10	300,000	3,000,000	118,244	1,182,448	Conversion by Stock Option	420	—	Note 39
111.04	10	300,000	3,000,000	118,260	1,182,608	Conversion by Stock Option	160	—	Note 40

Note 1: The approval letter, the Letter No. Taipei-City-Government-City-Construction-Bureau-09582279100 received on August 22, 2006.

Note 2: The approval letter, the Letter No. Taipei-City-Government-City-Construction-Bureau-09688717100 received on August 30, 2007.

Note 3: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-09783966800 received on April 25, 2008.

Note 4: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-09887803330 received on October 29, 2009.

Note 5: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-09985775230 received on August 16, 2010.

Note 6: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10085576600 received on July 15, 2011.

Note 7: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10090009810 received on December 9, 2011.

Note 8: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10187001810 received on September 6, 2012.

Note 9: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10282650710 received on April 10, 2013.

Note 10: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10286556500 received on August 1, 2013.

Note 11: The approval letter, the Letter No. Taipei-City-Government-Office-of-Commerce-10288072500 received on September 25, 2013.

Note 12: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10301165180 received on August 15, 2014.

Note 13: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10301231620 received on November 5, 2014.

Note 14: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10401161750 received on August 6, 2015.

Note 15: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10501017880 received on February 2, 2016.

Note 16: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10501100670 received on May 17, 2016.

Note 17: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10501192080 received on August 5, 2016.

Note 18: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10501246530 received on October 18, 2016.

Note 19: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10601007940 received on January 19, 2017.

Note 20: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10601049900 received on April 18, 2017.

Note 21: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10601098480 received on July 17, 2017.

Note 22: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10601102940 received on July 28, 2017.

Note 23: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10701037100 received on April 11, 2018.

Note 24: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10701105450 received on August 23, 2018.

Note 25: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10701131780 received on November 5, 2018.

Note 26: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801005770 received on January 28, 2019.

Note 27: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801044030 received on April 22, 2019.

Note 28: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801097590 received on August 2, 2019.

Note 29: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801114380 received on August 20, 2019.

Note 30: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10801143300 received on October 28, 2019.

Note 31: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901008680 received on February 21, 2020.

Note 32: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901080290 received on June 1, 2020.

Note 33: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901122480 received on August 4, 2020.

Note 34: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901155540 received on September 11, 2020.

Note 35: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10901216090 received on November 27, 2020.

Note 36: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11001009560 received on January 25, 2021.

Note 37: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11001104180 received on July 13, 2021.

Note 38: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11001238990 received on December 24, 2021.

Note 39: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11101008440 received on January 28, 2022.

Note 40: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11101062660 received on April 18, 2022.

B. Share Type

As of May 1, 2022
Unit: share

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	117,728,830	182,271,170	300,000,000	The outstanding shares have deducted 532,000 treasury shares. Among them, 10,000,000 shares will be reserved for the issuance of employee stock option certificates to exercise the stock options. The Company's stocks are OTC stocks.

C. Information related to the raising and issuance of securities under the reporting system:
Not applicable.

(2) Composition of Shareholders

As of May 1, 2022
Unit: person / share

QTY	Structure of Shareholder	Government Agencies	Financial Institutions	Other Institutions	Individuals	Institutions & Individuals	Total
	Number of Shareholders		0	0	255	27,026	177	27,458
Total Shares Owned		0	0	18,807,633	62,508,848	36,944,349	118,260,830

(3) Distribution Profile of Share Ownership (the issue price per share is NT\$10)

As of May 1, 2022 ; Unit: person / share / %

Shareholder Ownership (Shares)	Number of Shareholders	Ownership	Ownership (%)
1 to 999	13,704	1,080,050	0.91%
1,000 to 5,000	11,666	21,528,393	18.20%
5,001 to 10,000	1,123	8,499,777	7.19%
10,001 to 15,000	331	4,184,271	3.54%
15,001 to 20,000	176	3,172,521	2.68%
20,001 to 30,000	144	3,607,192	3.05%
30,001 to 40,000	70	2,525,124	2.14%
40,001 to 50,000	49	2,222,858	1.88%
50,001 to 100,000	96	6,897,699	5.83%
100,001 to 200,000	42	5,776,620	4.89%
200,001 to 400,000	27	7,704,861	6.52%
400,001 to 600,000	11	5,601,827	4.74%
600,001 to 800,000	0	0	0%
800,001 to 1,000,000	3	2,835,000	2.40%
Over 1,000,001	16	42,624,637	36.03%
Total	27,458	118,260,830	100.00%

(4) List of major shareholders (shareholders who hold more than 5% or hold the top 10 shares)

As of May 1, 2022 ;

Unit: share / %

Name	Shares	Current Shareholding	%
Taipei Fubon Commercial Bank Trust Dade Group Holdings Co., Ltd. Investment Account		9,593,216	8.11%
Yang Guang Investment Co., Ltd.		4,511,053	3.81%
Taipei Fubon Commercial Bank Trust Datong Pharmaceutical Industry Co., Ltd. Investment Account		4,294,409	3.63%
Yung-Chiang Investment Co., Ltd.		3,649,623	3.09%
HSBC Trust State of Wisconsin Investment Board		2,666,000	2.25%
Fubon Life Insurance Co., Ltd.		2,619,000	2.21%
Yung-Hsiang Lin		2,436,405	2.06%
Cathay United Bank Custody Jie Tim Co., Ltd. Investment Account		1,860,000	1.57%
Jui-Hua Tsai		1,702,538	1.44%
HSBC Trust State of Baillie Gifford Global Income Growth Fund		1,529,000	1.29%

(5) Market Price, Net Worth, Earnings, and Dividends of Per Share within 2 Years

Unit: NT\$ / 1,000 shares

Item		Year	2020	2021	2022 (As of June 6)
		Market Price per Share	High		333	350	215.5
Low			148	183	170.5
Average			248.30	233.41	183.82
Net Worth per Share	Before Distribution		63.44	68.64	62.63
	After Distribution		54.64	59.76	-
Earnings per Share	Weighted Average Shares		117,226	117,374	117,713
	Earnings per Shares	Before Adjustment	15.69	13.17	1.32
		After Adjustment	15.69	13.17	1.32
Dividend per Share	Cash Dividend		8.84	8.88	-
	Stock Dividend	Stock Dividend from Retained Earnings	-	-	-
		Stock Dividend from Paid-In Capital	-	-	-
	Accumulative Unpaid Dividend		-	-	-
Return on Investment Analysis	Price Earnings Ratio (Note 4)		15.83	17.72	-
	Price to Dividend Ratio (Note 5)		28.09	26.29	-
	Cash Dividend Yield Ratio (Note6)		3.56%	3.80%	-

Note 1: The distribution of earnings for 2021 has been approved by the board of directors.

Note 2: The financial report for the first quarter of 2022 was reviewed by accountants.

Note 3: The net value per share and earnings per share are those that have not been verified (audited) by the accountant in the most recent quarter of the annual report. The remaining fields are filled with the annual data as of the date of publication of the annual report.

Note 4: Price earnings ratio = Average closing price / earnings per share

Note 5: Price to cash dividend Ratio = Average closing price / cash dividend per share

Note 6: Cash dividend yield Ratio = Cash dividend per share / average closing price

(6) Company dividend policy and implementation

A. Dividend policy as set out in the Articles of Incorporation

According to Article 18 of Article 18-2 of the Articles of Incorporation.

If the Company's annual final accounts have net profit after tax, they should first pay taxes to make up for past losses, and set a 10% of their balance as statutory surplus reserve, but the statutory surplus accumulation has reached the Company. When the total amount of capital is exceeded, this is not the limit. The special surplus reserve is proposed or reversed in accordance with the relevant laws and regulations. If there is a balance, and the available-distributed surplus calculated from the undistributed surplus at the beginning of the period (including adjustment of the undistributed surplus amount), the Board of Directors proposes a surplus distribution case, which is distributed after the resolution of the shareholders' meeting.

The Company's industry is currently in a growth stage. In the increasingly competitive environment, in order to achieve sustainable operation, considering operational growth, capital needs and long-term financial planning, and taking into account shareholders' rights, the annual surplus is 30% to 80.%Shareholders' dividends. The shareholder dividends of the Company are distributed in a combination of partial stock dividends and some cash dividends. The proportion of shareholders' cash dividend distribution is not less than 10% of the total dividends of shareholders, but only when the Company When there is more surplus or sufficient funds, it can be seen that the annual surplus status increases the cash dividend payout ratio of shareholders.

B. The proposed dividend distribution of the shareholders meeting

The 2021 annual dividends of the Company were approved by the Board of Directors on March 22, 2022. The resolution is to allocate NT\$1,050,014,090 from the 2021 annual surplus, and the cash dividend per share is NT\$8.88. The amount of the dividend shall be approved by the 2022 Annual Shareholder's Meeting.

(7) The Effect on Business Performance, EPS, and ROE by the Company's Stock Dividend Distributed as Bonus Shares in This Shareholders' Meeting: Not applicable.

(8) Employee Compensation and Remuneration to Directors and Supervisors

A. The number or scope of compensation for employees, directors and supervisors as set out in the articles of association

According to the Company's articles of association, if the Company is profitable in the year (the so-called profit refers to the pre-tax profit minus the benefits before the employee is paid and the directors' compensation), it is distributed in the following order:

- a. When the Company still has accumulated losses (including adjustment of undistributed surplus amount), the amount of compensation should be retained in advance.
- b. Five to fifteen percent of the employees are paid and no more than three percent are directors' compensation.

The employees' compensation in the preceding paragraph can be obtained by stock or cash, and the object of the employee's compensation is to include the employees of the

subordinate company that meet the conditions set by the Board of Directors. The directors of the preceding paragraph are only paid in cash.

B. The basis for estimating the amount of compensation and remuneration for employees, directors, and supervisors in the current period, the basis for calculating the number of shares for employee compensation for stock distribution and the accounting treatment when the actual distribution amount is different from the estimated

- a. The employee's remuneration and director's remuneration estimates are based on the pre-tax benefits as of the end of the period (net of the benefits prior to the distribution of employee compensation and directors' compensation), and the employee's remuneration and director's remuneration as set out in the articles of association. Within the scope of the number, and based on the previous issue of the number of estimates, and recognized as current operating costs and operating expenses.
- b. The basis for calculating the number of shares in which the employees of the Company are allotted shares is based on the closing price of the day before the resolution of the shareholders' meeting and considering the impact of the ex-dividend. The employee compensation proposed by the shareholders meeting was issued in cash on March 22, 2022.

C. Information about the proposed distribution of employee bonus as approved by the Board of Director

- a. The amount of the proposed distribution of employee bonus and remuneration to directors is shown as below. If the amount referred to above differs from the employee bonus and remuneration to directors and supervisors recognized, please state the number of differences, causes of differences, and the treatment:

Unit: NT\$

Item	Amount
Compensation for Employees in 2021	117,518,303
Compensation for Directors in 2021	4,200,000

The amount of employee compensation and directors' compensation to be proposed is not different from the fees recognized in 2021.

- b. The proportion of the employee's remuneration distributed by the stock and the total net profit after tax and the total amount of employee compensation in the current period.

The remuneration of the proposed staff is paid in cash by the resolution of the Board of Directors on March 22, 2022. It is not applicable to the employee's stock remuneration.

D. If the amount referred to above differs from the employee bonus and remuneration to directors and supervisors recognized, please state the number of differences, causes of differences, and the treatment scenarios: None.

(9) The Company bought back the shares of the Company: None.

2. Corporate Bond

Corporate Bond Category		2 nd Unsecured Conversion of Corporate Bond
Issuance Date		June 8, 2018
Par Value		NT\$100,000
Place of Issuance and Trade		R.O.C. (Taiwan)
Issuance Price		At 100% of Par Value
Total Issuance Amount		NT\$1,200,000,000
Coupon Rate		0%
Tenor		Three-year maturity date: June 8, 2021 (Repayment of principal and termination of over-the-counter trading)
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriter		Fubon Securities Co., Ltd.
Certifying Lawyer		None
Certifying Accountant		None
Method of Repayment		During the three-year period of the issuance, in addition to conversion or redemption according to the conversion method, it will be repaid in cash at the time of expiration.
Outstanding Balance		NT\$0
Terms and Conditions for Early Redemption or Repayment		The conversion of corporate bonds shall be sold back to the base date of the conversion of the corporate bonds by the holder of the conversion corporate bonds in advance of the two-year issue (June 8, 2020). The Company shall send a "Notice of Exercise of the Right of Resale" to the Bondholders by registered mail before the sale date back to the 40th day before the base date (April 29, 2020) (with a notice of exercise of the right to sell back) The date of the fifth business day bond holder's register on the date of the mailing date shall prevail, and the bondholders who subsequently obtained the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement) The counter purchase center announces the exercise of the conversion right of the convertible corporate bond holder. The holder of the conversion corporate bond can notify the Company's stock agency in writing within 40 days before the sale date (on delivery). The effectiveness of the mailer is based on postmarks. The Company is required to add interest compensation to the denomination of the bond [101.0025% of the bond denomination (0.5% of the real rate of return) for two years] to redeem the bond held by it. return. The Company accepts the sale request and shall redeem the bond in cash within five business days after the sale date. The above date will be postponed to the next business day if the Taipei Securities Centralized Trading Market ceases to operate.
Restrictive Clauses		None
Rating Agency, Date of Rating, and Rating Awarded		Not Applicable
Other Rights	Amount of Ordinary Shares, Global Depository Receipts, or other Securities Converted (Exchanged or Subscribed) up to the publication date of this annual report	Not Applicable
	Issuance and Conversion (Exchange or Subscription) Terms	Please refer to the conversion method in Attachment 1 of the Company's Convertible Corporate Bonds Prospectus.
Possible Dilution of Equity and Impact on Equity of Existing Shareholders due to Subscription or Issuance Terms of Issuance, Conversion and Exchange of Corporate Bones		None
Custodian of Exchanged Assets		Not Applicable

3. Preferred Stock Issued: None

4. Global Depository Receipts Issued: None

5. Employees Stock Options Issued

(1) The Company's outstanding employee stock options

December 31, 2021

Types of Employee Stock Option Certificate	2016 1 st Employee Stock Option	2018 1 st Employee Stock Option
The Effective Date of Declaration	2016/6/20	2018/5/11
Date of Issuance	2016/7/1	2018/5/15
The Number of Units Issued	2000 units (each unit can subscribe for 1,000 shares of the Company's common stock)	2000 units (each unit can subscribe for 1,000 shares of the Company's common stock)
Ratio of the Number of Shares Available for Subscription to the Total Number of Shares Issued	3% (the ratio between the issued shares and the total shares in 2016)	2.3% (the ratio between the issued shares and the total shares in 2018)
Duration of Subscription	6 years The subscribers may exercise the stock options according to the prescribed time limit after the expiration of the employee stock option certificate.	6 years The subscribers may exercise the stock options according to the prescribed time limit after the expiration of the employee stock option certificate.
Method of Performance	Issuing new shares	Issuing new shares
Restrictive Subscription Period and Ratio	After 2 years, the cumulative maximum share option ratio will be increased to 30%; after 3 years, the cumulative maximum share option ratio will be increased to 60%; and after 6 years, the cumulative maximum share option ratio will be increased to 100%.	After 2 years, the cumulative maximum share option ratio will be increased to 40%; after 3 years, the cumulative maximum share option ratio will be increased to 80%; and after 6 years, the cumulative maximum share option ratio will be increased to 100%.
Number of Shares Subscribed	1,761,000	-
Amount of Shares Subscribed	117,713,200	-
Number of Shares yet to be Subscribed	5,000	2,000,000
Subscription Price Per Share for the Unsubscribed Shares	NT\$54.3	NT\$313.2
Ratio of the Unsubscribed Shares to the Total Number of Shares Issued (%)	0.004%	1.69%
Impact on Shareholders' Equity	The Company's total number of shares as of February 29, 2015 was 66,376,454 shares. After adding 6,637,645 shares to be converted into 2017 surplus, the total number of outstanding shares was 73,014,099 shares. The total number of shares that are expected to be issued by the employee's stock option certificate is 2,000,000 shares, accounting for approximately 2.74% of the total number of outstanding shares, the estimated annual earnings per share diluted to NT\$0.29, NT\$0.20, NT\$0.08, and NT\$0.03 per share.	The Company's total number of shares as of February 21, 2018 was 87,011,707 shares. After adding 13,051,756 shares to be converted into 2017 surplus, the total number of outstanding shares was 100,063,463 shares. The total number of shares that are expected to be issued by the employee's stock option certificate is 2,000,000 shares, accounting for approximately 2.3% of the total number of outstanding shares, the estimated annual earnings per share diluted to NT\$0.71, NT\$0.22, and NT\$0.04 per share.

(2) Name of the managers with employee stock option certificates obtained, the to p-10 employees with stock option certificates obtained, the respective acquisition and subscription.

A. 2016 1st Employee Stock Option

	Title	Name	Number of Shares acquired	Ratio of Subscribed Shares to Total Number of Shares Issued	Subscribed			Unsubscribed				
					Number of Shares Subscribed	Price of Shares Subscribed	Amount of Shares Subscribed	Ratio of Subscribed Shares to Total Number of Shares Issued	Number of Shares Subscribed	Price of Shares Subscribed	Amount of Shares Subscribed	Ratio of Subscribed Shares to Total Number of Shares Issued
Managers	General Manager	Yung-Hsiang Lin	1,115,000	0.94%	1,102,000	77.8/ 67.7/ 57.9/ 56.2/ 54.3	49,658,800	0.93%	5,000	54.3	271,500	0.004%
	Deputy General Manager	Yung-Hao Lin										
	Assistant Vice President	Cheng-Hsien Chiang										
	Manager, Accounting & Tax Department	Jui-Yi Wu										
	Foreman, Precise iManufacturing Center	Chih-Cheng Tsai										
	Supervisor, Internal Audit Department	Wei-Chiang Chi										
	Assistant Vice President, Strategic Intelligence Center	Min Yueh										
	Supervisor, Research & Design Center	Ching-Ting Chen										
Employees	Global Business Center	Shan-shan Liu	315,000	0.27%	315,000	77.8/ 67.7/ 57.9/ 56.2	20,982,900	0.16%	0	54.3	0	0%
	Precise iManufacturing Center	Hsiu-Wei Lin										
	Cost Management Center	Shu-Ching, Wang										
	Global Business Center	Jui-Ting Ling										
	Global Business Center	Yi-Ching Chen										
	Research & Design Center	Hung-Lin Chen										
	President Office	Chien-yu Lu										
	Finance Department	Yi-Chun Liu										
	Global Business Center	Chen-i Kao										
	Global Business Center	Yen-jen Chen										
	Administration Service Center	Chieh-li Ni										
	President Office	Jui-han Chang										

B. 2018 1st Employee Stock Option

	Title	Name	Number of Shares Acquired	Ratio of Subscribed Shares to Total Number of Shares Issued	Subscribed				Unsubscribed			
					Number of Shares Subscribed	Price of Shares Subscribed	Amount of Shares Subscribed	Ratio of Subscribed Shares to Total Number of Shares Issued	Number of Shares Subscribed	Price of Shares Subscribed	Amount of Shares Subscribed	Ratio of Subscribed Shares to Total Number of Shares Issued
Managers	General Manager	Yung-Hsiang Lin	905,000	0.77%	-	-	-	-	905,000	324.1	293,310,500	0.77%
	Deputy General Manager	Yung-Hao Lin										
	Foreman, Precise iManufacturing Center	Chih-Cheng Tsai										
	Head of Internal Audit Department	Wei-Chiang Chi										
	Assistant Vice President, Strategic Intelligence Center	Min Yueh										
	Head of Management Center	Chen-Chen Fu										
	Manager, Administration Service Center	Tung-Wei Li										
	Manager, Research & Design Center	Ching-Ting Chen										
Employees	Global Business Center	Shan-Shan Liu	295,000	0.25%	-	-	-	-	295,000	324.1	95,609,500	0.25%
	Cost Management Center	Hsiu-Wei Lin										
	Precise iManufacturing Center	Chun-Ying Ho										
	Administration Service Center	Chi-Li Ni										
	Finance Department	Yi-Chun Liu										
	President Office	Shu-Chin Wang										
	Precise iManufacturing Center	Tien-chien Lin										
	President Office	Jui-han Chang										
	Global Business Center	Hsin-Liang Chen										
	Precise iManufacturing Center	Chin-Hung Lin										
	President Office	Wen-chao Wang										
	Global Business Center	Yen-jen Chen										
	President Office	Chien-Yu Lu										
Precise iManufacturing Center	Hung-Lin Chen											

6. Restricted Employee Shares

(1) The effect on shareholders' rights by the Company's RSAs (not been fully vested yet)

May 1, 2022

Category	2019 2nd Restricted Employee Shares
Approval Date	2019/6/26
Issuance Date	2019/11/25
Number of Restricted Employee Shares Issued	894,000 Shares
Issued Price Per Share	NT\$10
Ratio of Shares exercisable to Outstanding Common Shares (%)	0.88% (the ratio between the issued shares and the total common shares in 2019)
Vesting Conditions for Exercise of Restricted Employee Shares	<p>1. The employee restricted shares will be vested in three years. In the first year, the performance will be reviewed in accordance with the financial statements of the previous year prior to the grant date (issuance date). In the second and third years, the performance will be reviewed in accordance with the previous year's financial statements (before March 31). The standards are as follows: The company's pre-tax net profit margin is above 20% (including 20%). (Net profit before tax= Net profit before tax / operating income)</p> <p>2. When the performance in the first year is reviewed according to the financial statements and meets the aforementioned (1) standard, employees can get a third of the number of shares they are allocated on the date of issue (issuance date); when the performance in the second year is reviewed according to the financial statements and meets the aforementioned (1) standard, employees can get a third of their allotted shares by March 31, 2020; in the third year, when the performance according to the financial statements reached the aforementioned standard (1), employees received a third of the number of shares allocated on March 31, 2021. (The number of shares allotted in the year is calculated proportionally to an integer number of shares, and the number of shares less than one is included in the number of shares allocated in the third year.)</p>
Restrictions to the Rights of New Restricted Employee Shares	<p>1. The employee shall not sell, pledge, transfer, donate, set, or otherwise distribute the new shares of the employee's rights until the employee has obtained the new shares.</p> <p>2. Before the employees fail to meet the vested conditions, the attendance, proposal, speech, voting rights and other relevant shareholders' equity matters of the shareholders' meeting shall be exercised by the trust institution.</p> <p>3. Restricted employee rights new shares acquired in accordance with these Measures, except for the above-mentioned restrictions, have been allocated unrestricted restrictions on employee rights. New shares do not participate in allotment, interest and cash increase subscriptions.</p>
Custody of Restricted Employee Shares	Delivered to trust custody
Procedures for Non-Compliance of the Conditions	The Company will cancel the employee rights of all employees who have not received the pre-established conditions to receive (buy) shares.
Withdrawal of New Restricted Employee Shares	33,000 shares
Unrestricted New Restricted Employee Shares	861,000 shares
Restricted New Restricted Employee Shares	0 shares
Ratio of Shares Unrestricted to Outstanding Common Shares (%)	0%
Impact on Shareholders' Equity	According to the approval letter, Letter No. Ministry-of-Economic-Affairs-Commerce-Department-10701131780 received on November 5, 2018, the Company has changed its registration. The Company's outstanding common shares are 102,232,072, and it is expected that the ratio of issued restricted employee shares to new shares will account for 0.88% of total issued shares. The estimated annual compensation cost for diluted earnings per share is 0.492 yuan, 0.492 yuan and 0.492 yuan, respectively, which still has a significant impact on shareholder rights.

(2) The number of managers who obtained the new shares of the employee's rights and the names of the top ten employees who obtained the number of shares and the status of the acquisition

As of May1, 2022
Unit: share / NT\$

	Title	Name	Number of Restricted Employee Shares Acquired	Ratio of Acquired to Outstanding Common Shares	Unrestricted Rights				Restricted Rights			
					Unrestricted Shares	Issued Price	Issued Amount	Ratio of Acquired to Outstanding Common Shares	Restricted Shares	Issued Price	Issued Amount	Ratio of Restricted to Outstanding Common Shares
Managers	General Manager	Yung-Hsiang Lin	1,229,000	1.04%	1,229,000	10	12,290,000	1.04%	0	10	0	0%
	Deputy General Manager	Yung-Hao Lin										
	Assistant Vice President	Chih-Cheng Tsai										
	Assistant Vice President	Min Yueh										
	Manager	Chen-Chen Fu										
	Manager	Tung-Wei Li										
	Manager	Ching-Ting Chen										
Employees	Global Business Center	Chun-Ying Ho	67,000	0.06%	67,000	10	670,000	0.06%	0	10	0	0%
	Precise iManufacturing Center	Hsiu-Wei Lin										
	Cost Management Center	Shu-Chin Wang										
	Global Business Center	Yen-jen Chen										
	Global Business Center	Chih-Yi Hsu										
	Finance Department	Yi-Chun Liu										
	Research & Design Center	Hung-Lin Chen										
	President Office	Jui-han Chang										
	Precise iManufacturing Center	Chien-Yu Lu										
	Global Business Center	Jui-Ting Ling										

7. Merger or acquisition or transfer of shares of his company to issue new shares: None.

8. Funding plan execution situation: Not applicable.

V. Operational Highlights

1. Business Activities

(1) Business Scope

The scope of business of the Company shall be as follows:

1. C104010 Sugar Confectionery and Bakery Product Manufacturing
2. C110010 Beverage Manufacturing
3. C199990 Other Food Manufacturing Not Elsewhere Classified
4. C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
5. C802100 Cosmetics Manufacturing
6. CH01040 Toys Manufacturing
7. CN01010 Furniture and Fixtures Manufacturing
8. F102040 Wholesale of Nonalcoholic Beverages
9. F102170 Wholesale of Food and Grocery
10. F108040 Wholesale of Cosmetics
11. F203010 Retail sale of Food and Grocery
12. F208040 Retail Sale of Cosmetics
13. F401010 International Trade
14. F113010 Wholesale of Machinery
15. F213080 Retail Sale of Machinery and Equipment
16. F113990 Wholesale of Other Machinery and Equipment
17. F213990 Retail Sale of Other Machinery and Equipment
18. CE01990 Other Photographic and Optical Instruments Manufacturing
19. F113030 Wholesale of Precision Instruments
20. F213040 Retail Sale of Precision
21. CE01010 Precision Instruments Manufacturing
22. CF01011 Medical Materials and Equipment Manufacturing
23. F108031 Wholesale of Drugs, Medical Goods
24. F208031 Retail sale of Medical Equipments
25. A101011 Seedling
26. A101020 Food Crops
27. A101030 Special Crops
28. A101040 Edible Fungus and Algae
29. A102050 Crops Cultivation
30. A102060 Grain Commerce
31. A201010 Deforestation
32. A301030 Aquaculture
33. C201010 Prepared Animal Feeds Manufacturing

34. C201020 Pet Food Processing
35. C801110 Fertilizer Manufacturing
36. F101050 Wholesale of Aquatic Products
37. F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products
38. F103010 Wholesale of Animal Feeds
39. F106060 Wholesale of Pet Food and Appliances
40. F107050 Wholesale of Manure
41. F201010 Retail Sale of Agricultural Products
42. F201030 Retail Sale of Aquatic Products
43. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products
44. F202010 Retail Sale of Animal Feeds
45. F206050 Retail of Pet Food and Appliances
46. F207050 Retail Sale of Manure
47. J101020 Pathogen Controlling Services
48. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

The Company's major business projects are research, development, sales, and manufacturing of functional beverages, dietary supplements and skin care products.

B. Sales Mix

Unit: NT\$ 1,000

Product Category \ Year	2020		2021	
	Annual Revenue	%	Annual Revenue	%
Dietary Supplements	7,354,288	89.42	7,359,029	85.78
Skin Care Products	710,424	8.64	848,816	9.89
Others	159,139	1.94	372,258	4.33
Total	8,223,851	100.00	8,580,103	100.00

C. Major Product Categories

The Company's current major products are health foods and skin care products, providing a cross-border R&D platform for rapid R&D and manufacturing service. We bring experts together from many countries to provide the fastest service, the latest materials, and the safest process. We also provide comprehensive support including art design and a complete service mechanism featured our three core beliefs: Quality, Quick Manufacturing, and Optimal Quotation to achieve product quality and safety, fast delivery, and ideal quotation, which will meet various types of customer needs. Functional beverages include collagen beverages that supplement the loss of collagen; glucosamine beverages that lubricate joints, and other liquid drinks for various purposes such as whitening, breast enhancement, slimming, reducing blood fat levels and improving immunity. Dietary supplements include various types of products such as hard capsules, soft capsules, tablets, powders, liquid

products, and jelly, which are used for whitening, anti-wrinkle, slimming, eye protection, liver protection, immunity improvement and nutritional supplementation. Skin care products include face care and body care products, such as: the LipoButy™ mask, eye masks, essences and cream.



D. New products (services) the company planned to develop

Peptide Biomimicry

Through its peptide synthesis technology, TCI has developed the Black Widow Spider Venom Peptides and Blue-ringed Octopus Venom Peptides. The main effects of the Black Widow Spider Venom Peptides include increasing gene expression of basal collagen and hyaluronan synthase, maintaining the length of telomeres and prevent aging, enhancing the activity of dermal mitochondria and revitalize the skin, and significantly improving skin brightness. The main effects of the Blue-ringed Octopus Venom Peptides include increasing the gene expression of type IV collagen and elastin, increasing the gene expression of telomerase to protect telomeres and delay aging, enhancing the antioxidative capacity of the skin and fight environmental free radicals, and significantly improving skin elasticity.

On the other hand, TCI has been using the liposome targeting technology to improve the problems of targeted cells. So far, TCI has completed the research on lipid cells and continued to develop targeting liposomes for melanocytes and islet cells.

Spider Bio-cellulose Masks

Compared to common bio cellulose face masks, the Spider Bio Cellulose Face Mask can improve skin hydration and elasticity and smooth wrinkles and fine lines more effectively. Using the CRISPR gene editing technology, TCI will continue to edit the DNA of *Acetobacter xylinum* to make it express special proteins, which will serve as unique composite bio cellulose.

Banana Flower Extract

Apart from the clinical research on food and skincare products featuring the Banana Flower Extract, TCI will, through further research on active ingredients, identify the active compounds that effectively inhibit the secretion of dihydrotestosterone and promote the growth of hair follicle cells. Also, TCI will continue to conduct in vitro studies to find out all the regulatory mechanisms related to the effects of banana flower extract and its active compounds on hair growth to set the cornerstone for the development of hair growth medicine in the future. Meanwhile, TCI will further conduct clinical efficacy evaluations for

commercialized banana flower extract, which will be the world's only hair loss prevention product featuring banana flowers. The use of banana flowers, an agricultural by-product, can greatly improve the agricultural values of bananas.

TCI 275 (TRILLION PROBIO)

TCI275 is a kind of Lactobacillus fermentum derived from breast milk, which is a major factor for the development of infants' gastrointestinal microbiome and can effectively degrade lactose and ease the symptoms of lactose intolerance. With this health effect, TCI275 is the solution for the lack of lactose digesting enzymes and is permitted for use in Taiwan, China, EU, and Indonesia.

TCI has selected from various types of milk and various strains the edible bacteria that can degrade lactose. The breast milk-derived TCI 275 Lactobacillus fermentum, resistant to gastric acid and bile salts, is the best solution for lactose intolerance.

(2) Industry Overview

A. Status Quo and the Development Trend

Through our unique methodology, "Integrated Bioscience Design (IBD)", the Company integrates R&D, production and marketing into a cross-border service platform by a comprehensive innovative service model, exploring consumer needs from the industry overview, and combining cross-disciplinary expertise and technologies into the brand. We develop high-performance products and shorten the time required from product development to launch for our customers and fulfil our corporate mission: "Join & Delight Consumer's Life". The Company's products can be divided into functional beverages, dietary supplements, skin care products and other related products. Because functional beverages and dietary supplements are in the scope of functional foods, the analysis of functional food market and skin care market is shown as follows:

1) Functional Foods

a. Global Market Is Showing Steady Growth

With the promotion and implementation of the concept of preventive medicine, people choose adjuvant and alternative therapies to prevent the occurrence of diseases. Among them, health care products and functional foods have the effects of providing nutritional supplements, improving health and delaying aging. The consumption and the use of health care products and functional foods have become a trend, especially in Europe and Americas. According to Grand View Research and Statista, the global market size of nutraceutical industry in 2019 was US\$391.8 billion. It is expected to grow to US\$562.8 billion in 2018-2023. The compound annual growth rate (CAGR) is 7.3%, and the CAGRs of functional beverages, functional foods and dietary supplements are 5.8%, 7.9% and 8.2%, respectively.

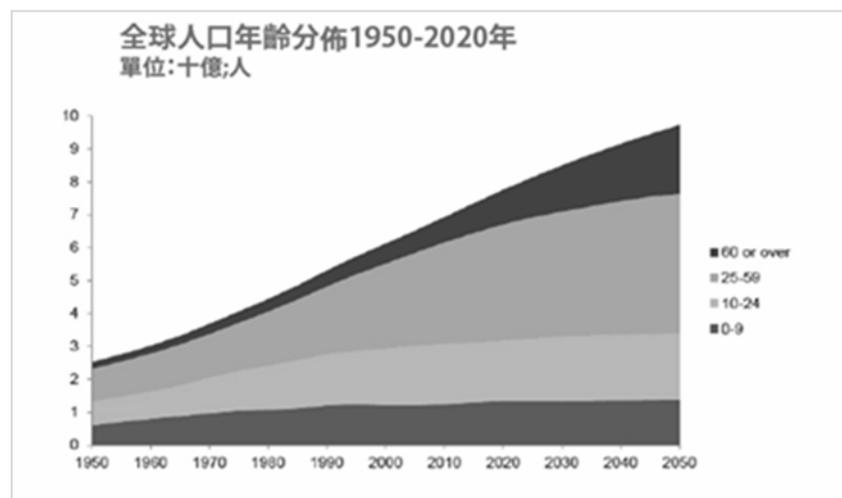
(US\$ Billions)

Product	2018	2019	2024	CAGR
Functional Beverages	83.1	93.7	124.4	5.8%
Functional Food	161.5	174.8	255.6	7.9%
Dietary Supplements	72.7	123.3	182.8	8.2%
Total	317.3	391.8	562.8	7.3%

(Data source: Grand View Research, Statista, the editor of the analysis report)

b. Acceleration of Global Population Ageing

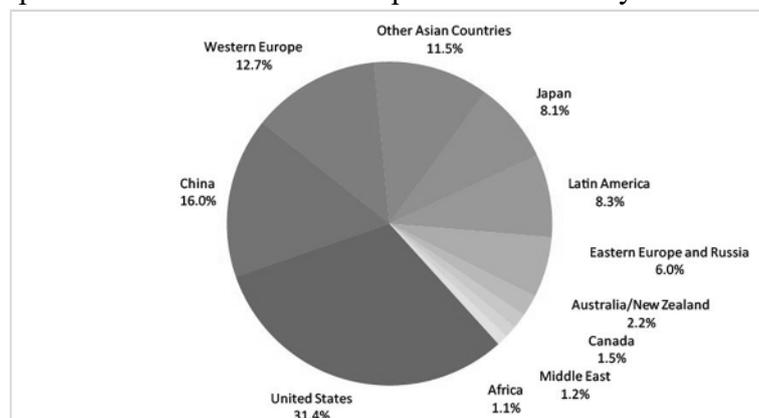
According to the latest UN report, the world population is estimated to reach 9.8 billion in 2050, of which more than 1.5 billion people will be over 65 years old, accounting for about 16% of the total population. Compared with the total population of 7.6 billion in 2017, the elderly population is 700 million, accounting for only 9% of the total population. The world population is rapidly aging. On the other hand, with the advancement of medical technology, the average life expectancy of human beings is getting longer and longer. The United Nations predicts that the average life expectancy of human beings in 2019 will be 72.3 years old, and will reach 74.3 years in 2030. Preventive health care has become one of the most concerned issues by consumers around the world.



(Source: The United Nations, OECE, Macquarie Research)

c. Importance of Asia Is Increasing

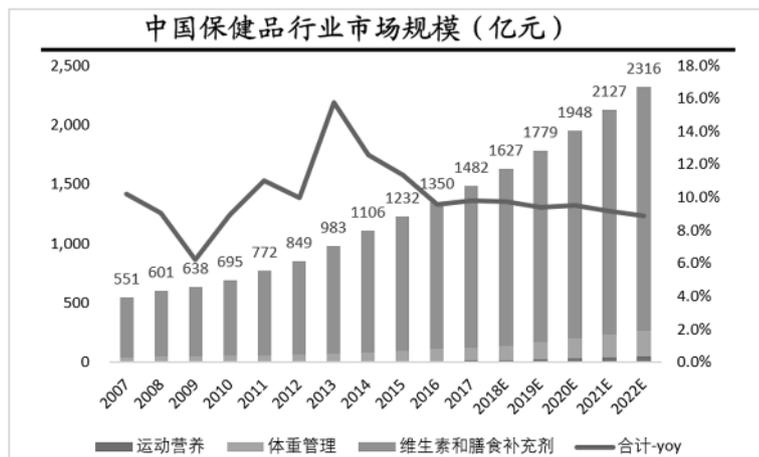
From the perspective of global health care products, the United States is still the world's largest health care market. According to data database established by the marketing research agency, Nutrition Business Journal, the US market share in the global market reached 31.4% in 2017. Asia has been developing rapidly in recent years. Among them, China's health care market has surpassed Western Europe and ranked second in the world. The Chinese market share accounts for 16.0% of the global market. Japan accounts for 8.1%, and other Asian regions account for 11.5. The influence of Asian countries is axiomatic. With the intensification of population ageing in China, consumers have strengthened their awareness of nutrition and health care. In the future, the population and penetration rate of healthcare products will likely to be further improved.



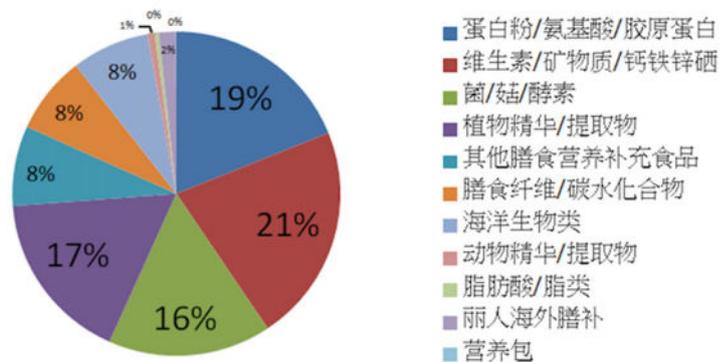
(Source: Nutrition Business Journal)

d. Market Size of Health Care Industry in China Is Growing Steadily

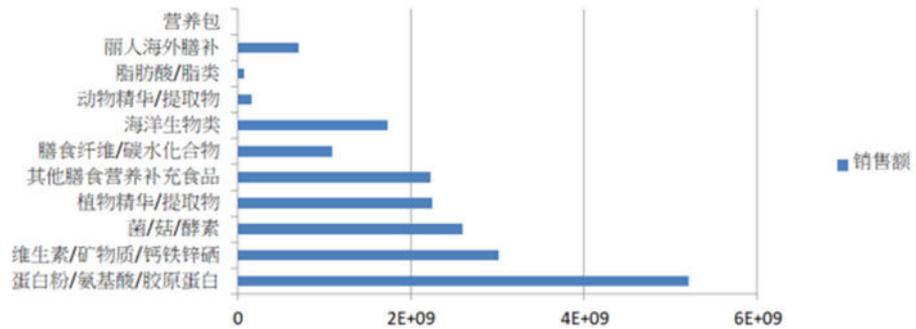
According to Euromonitor, the market size of China's healthcare products reached RMB 140 billion in 2019. In 2018, vitamins and dietary supplements accounted for the largest market share of 91.3% while the market shares of weight management and sports nutrition products were relatively small, 7.4% and 1.3%, respectively. However, the market size of sports nutrition products grew the fastest with a CAGR of 39.6% from 2015 to 2018; the market size of vitamins and dietary supplements and weight management products grew at the CAGRs of 10.3% and 11.9%, respectively. In 2019, sales on Tmall and Taobao have reached RMB 19.149 billion, an increase of 78.3% from the RMB 13.23 billion in the same period of the previous year. Vitamin, mineral, calcium, iron, zinc, and selenium products accounted for the top sales volume (21%) in the online beauty sales market, while the sales of protein powder, amino acid, and collagen products ranked top (RMB 509 million). In recent years, protein powder, amino acid, and collagen products have become increasingly popular among Chinese consumers, among which collagen products are most popular on online platforms. In recent years, the concept of focusing on health has become popular in China, and the per capita GDP growth of the Chinese has made the demand for preventive health products grow strongly.



Sales Volume Percentage of Health Care Products on Tmall and Taobao



Sales of Various Health Care Products on Tmall and Taobao



(Source: Euromonitor, NORTHEAST SECURITIES)

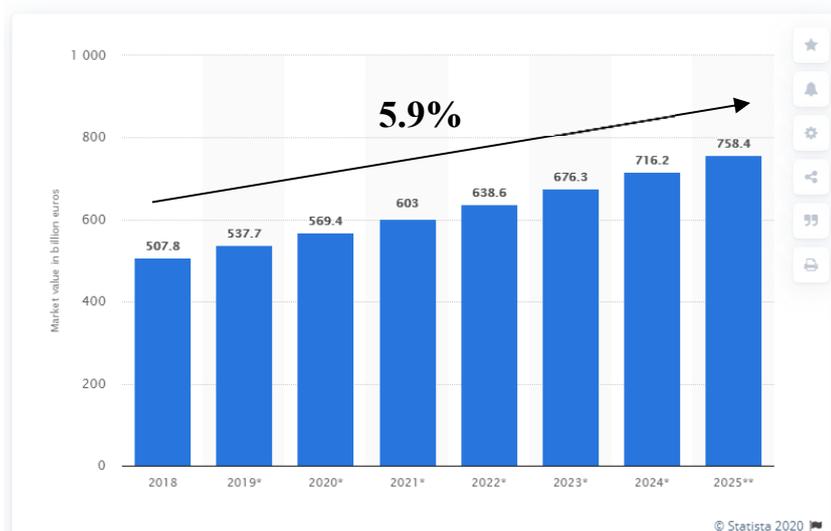
2) Beauty Care Market

a. Speeded Up Growth of the Global Beauty Care Market

Beauty and skin care have always been valued by female consumers. According to Statista, cosmetics industry is a vast global industry with the annual sales of \$507.8 billion in 2018 and the CAGR of 2.2% in 2011-2018. With the emergence of cosmetics in emerging markets, coupled with the rejuvenation of the age group and the advancement of cosmetic industry by natural and environmentally friendly products, the CAGR is expected to increase to 5.9% in 2018-2021.

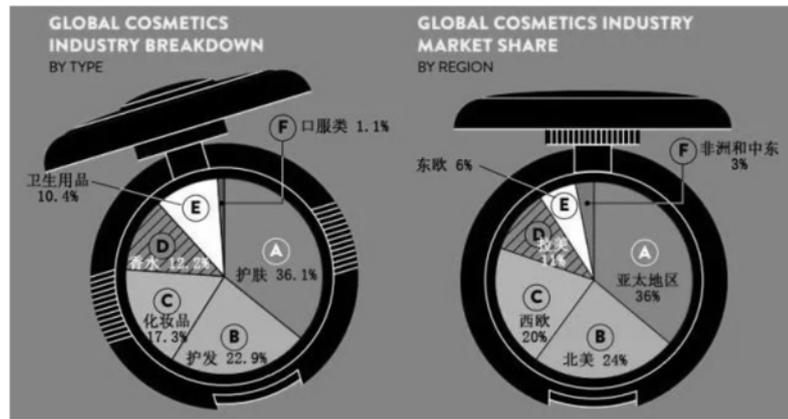
Value of the cosmetics market worldwide from 2018 to 2025

(in billion U.S. dollars)



(Source: Statista)

Cosmetics and beauty care products are mainly based on daily skin care (36.1%) and hair care (22.9%) products, while cosmetics account for 17.3%. It has demonstrated that makeup has gradually become part of people's daily life. In terms of regions, Asia Pacific is the largest cosmetics market (36%), followed by North America (24%) and Western Europe (20%). The rapid aging of the population has led to strong consumer demand for anti-aging products that help prevent wrinkles, age spots, dry skin, and uneven skin tone, thereby creating new business opportunities for the beauty care market.

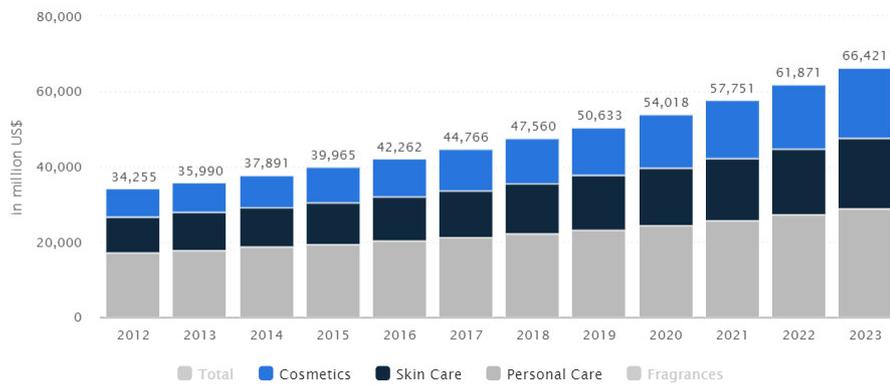


(Source: IBIS World)

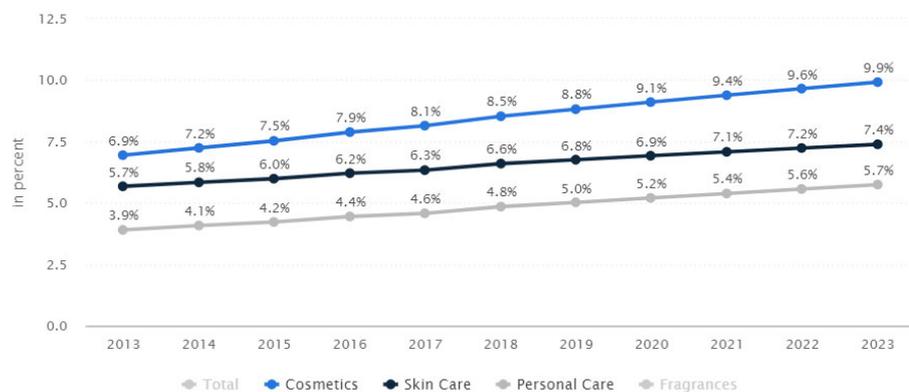
b. The Attention-catching Facial Mask Market in China

According to Euromonitor, China's retail sales of beauty and personal care products reached RMB 387 billion in 2019, an increase of 6.7% from the previous year. It is expected that the CAGR will be 6.9% in 2020-2021, which is higher than the global growth rate.

Revenue in the Beauty & Personal Care market in China



Revenue Growth in the Beauty & Personal Care market in China

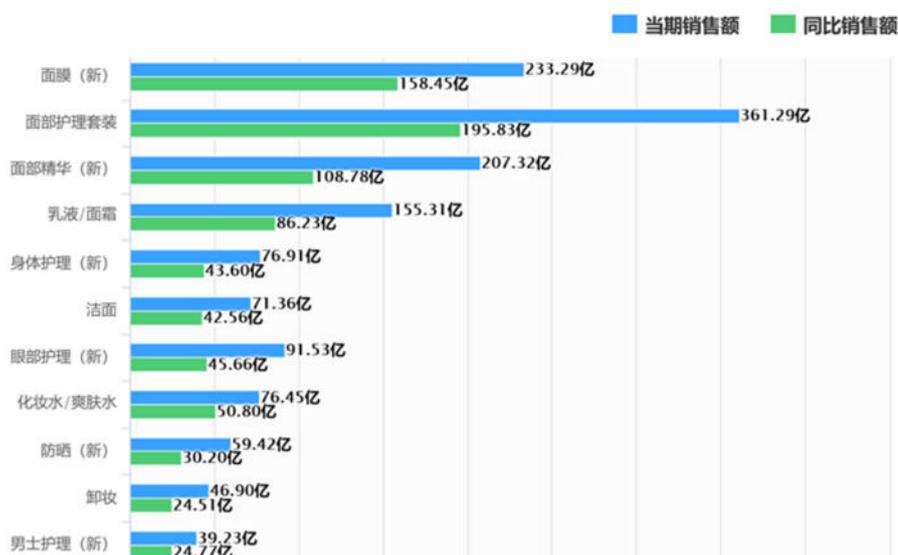
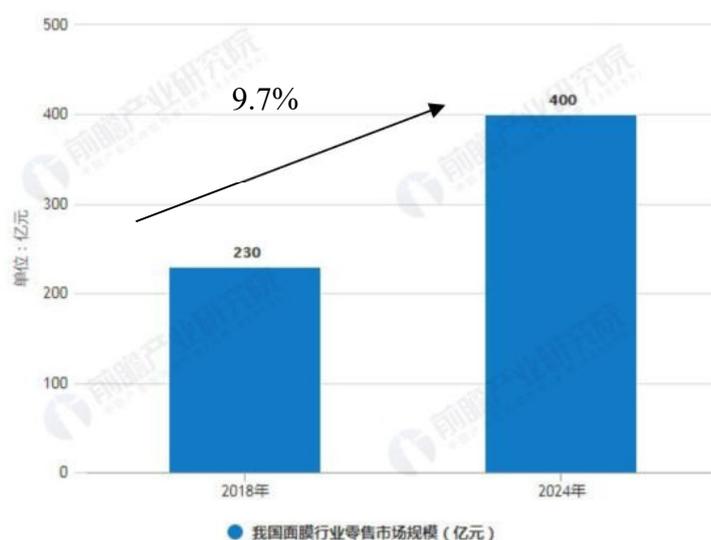


(Source: Statista)

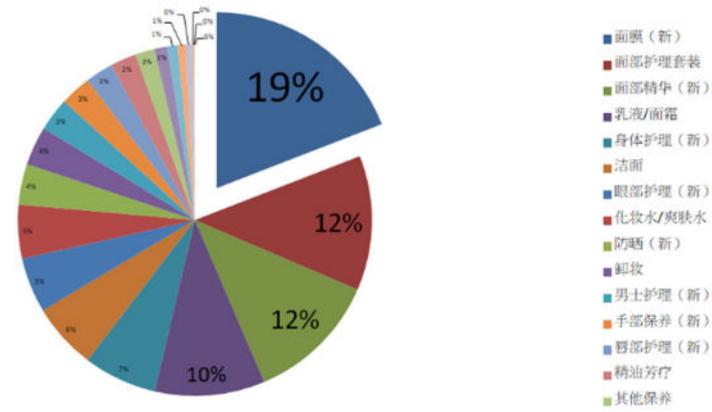
As consumers in China are paying more and more attention to skincare, facial masks have become a part of daily routine, and the market size of men's skincare products has been growing rapidly. According to Euromonitor, the size of China's facial mask market reached RMB 23 billion in 2018, and the CAGR reached 15.8% in 2010-2017, significantly higher than the overall growth rate of 8.7% in the cosmetics industry during the same period. It is expected that CAGR will still be 9.7% in 2018-2024.

In 2019, sales on Tmall and Taobao have reached RMB 23.329 billion, a 47.2% increase from the RMB 15.845 billion in the same period of the previous year. The market share of facial masks accounted for the largest number (19.07%) in the online beauty product market, with the sales volume of 363 million pieces in 2019. With the growth of national per capita income, the frequency of the use of facial masks has further increased, following the footsteps of Japanese and Korean consumers, and the size of the Chinese facial mask market is expected to reach a new peak.

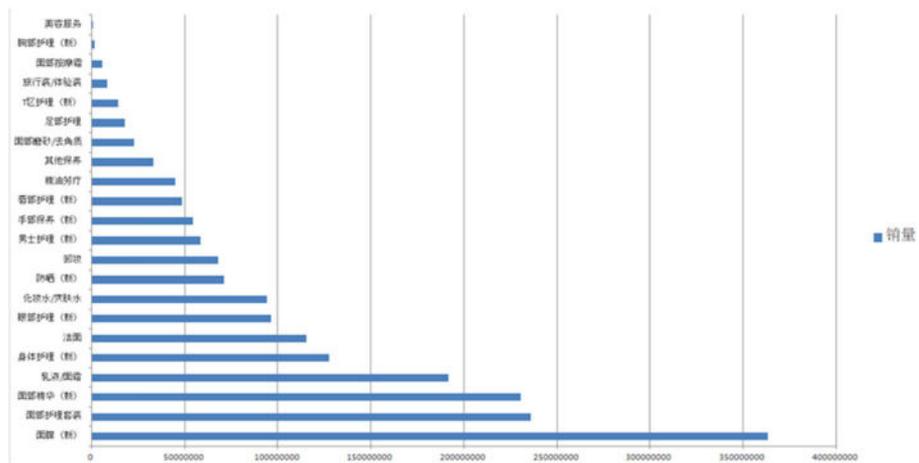
2018-2024年我国面膜行业零售市场规模统计情况及预测



2019 Tmall and Taobao Beauty Product Sales Ratio



Beauty Product Sales on Tmall and Taobao

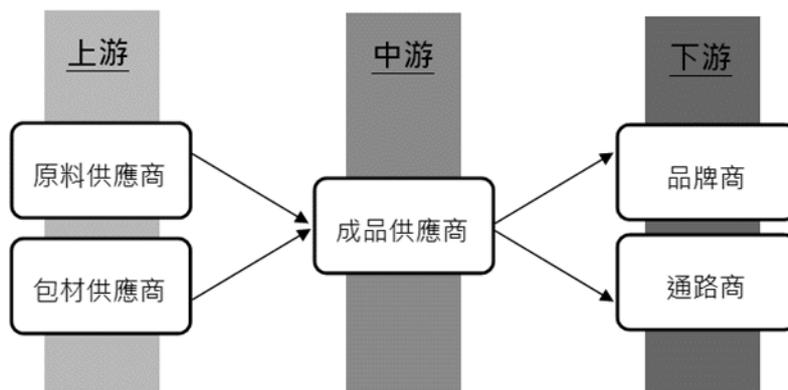


(Data Source: Qianzhan Industry Institute)

B. Correlations between Upstream, Midstream, and Downstream Companies

Across the entire industry chain, the Company focuses on the development of new products, and the R&D and the manufacturing of functional beverages, health foods and beauty care products. We are at the upstream and the midstream of the overall supply chain. Our major business model is to search for bio-materials from different places around the world. We integrate the results to develop new types of bio-materials through our professional analysis, and then provide customized formulas according to different needs of customers. We use our own patented technology to conceptualize the idea from our customers. Through our research team, global procurement system and raw materials management, we have been developing competitive and market-oriented products for customers. The correlations between upstream, midstream, and downstream companies in biotechnology industry in Taiwan are shown as follows:

食品生技產業結構圖



C. Development trends and forms of products

a. Trends of Product Development

The company's scope of R&D mainly covers 4 areas: the development of health foods and skin care products, innovative functional foods, and genetic testing platforms, products, and services. The raw materials of health food and skin care products have been developed for many years and have achieved considerable results. At present, more than 90% of the company's products are formulated with the company's self-developed IBD raw materials. Through the "Bio-Resource Data Mining" business model, combined with an AI automated management platform plus a cloud system, plus 7 extraction and biotransformation processes, the efficacy of 100 types of cells is studied and evaluated, and the performance of 200 types of genes is analyzed to explore the regulation mechanism, and 15 kinds of natural ingredients have been analyzed. In 2020, the company's Bio-Resource Data Mining process was upgraded again, incorporating proteomics, metabolomics, microbiology, and more automated identification of active ingredients. With this process, the company will conduct more in-depth and broad-spectrum research on the efficacy of raw materials and products. It is estimated that the future R&D efficiency will increase by more than 350 times to accelerate the exploration of the value of global biological resources. The new Bio-Resource Data Mining process will also become a niche for the subsidiary Quantum Biology Inc., which will continue to improve human life.



In addition, in terms of genetic testing platforms and personalized health management services according to the human genetic variation, the G2 genetic analysis kit (for DNA) is used to conduct genetic risk assessment for 58 common diseases of Asian people. The R1 (for RNA) dynamic analysis kit is used to conduct real-time monitoring of relative expression levels of mRNAs. The B1 (for proteins) biochemical analysis kit is used to monitor physiological changes in our bodies. We predict and monitor health status through the analysis reports of DNA, RNA, and proteins, and establish personalized nutrition recipe and health management strategies for each customer with the physicians and the dietitians of our exclusive clinic.



DNA sequencing has entered into people's lives, and people's recognition of health has begun to change. Early detection, personalized monitoring, and timely treatment of cancer are the benefits brought by genetic technology. After human genome is decoded, everyone can more clearly understand the correlations between genes, nutrition and diseases. Each of us has 99% of the same genetic sequence, but about 1% of the remaining genetic sequences are different, which gives each of us unique physiological traits. We call this 1% difference in gene sequence Single Nucleotide Polymorphism (SNPs). To date, thousands of SNPs have been found to be related to nutrition. If this SNP is a gene that regulates nutrient absorption, environmental factors, or even metabolic drugs, it will greatly affect our health.

The Company's gene development laboratory is dedicated to gene-related research, from human DNA exploration to the genetic loci (SNPs) associated with health and even disease, to understand individual health situations. With the long-term accumulation of research energy on natural resources by the TCI team, we fully mine the natural materials, thoroughly understand the biochemical reactions (gene expression, biochemical values, etc.) of all natural substances on the cells, and we organize and calculate the correlation between genes, diet and diseases to develop personalized health management programs. From the perspective of preventive medicine, TCI strives to promote the concept of "early detection and better prevention", and makes good use of today's genetic technology, including genetic testing for analysis of innate DNA mutations, and tracking of health-related gene performance in the blood and biochemical analysis of protein, in order to provide customers with health from all aspects.

1) Raw Material Development for Dietary Supplements

Since 2011, the Company has been devoted to the development of autonomous special-purpose raw materials (referred to as IBD raw materials). We add raw materials to existing product formulas to improve its efficacy while ameliorating its safety, and we fully control the source of raw materials to ensure product quality. In addition to improving the competitiveness of the Company, it also increases the economic benefits of domestic agriculture. So far, the following health products have been successfully developed and marketed from IBD raw materials:

- (1) Happy banana® (Banana Peels): helps sleep and relieves stress
- (2) Sugarlock® (Peanut Membrane): inhibits the increase of blood sugar and helps lose weight and improves the symptoms of diabetes
- (3) Wbeauty® (Wasabi Leaf Extract): inhibits the formation of melanin and helps whiten the skin
- (4) CitriSlim® (Ponkan Unripe Fruit): improves metabolism and assists in weight loss
- (5) Liverguard® (Indian Jujube Unripe Fruit): improves liver function and relieves hangover symptoms
- (6) JellySkin® (Jellyfish Extract): replenishes glycoprotein and helps improve skin hydration
- (7) Formosal Ruby™ (Djulis): inhibits the formation of glycated proteins and delays skin aging
- (8) Cleaner J™ (Flammulia velutipes Extract): absorbs excess body fat and assists in weight loss
- (9) Green Caviar® (Sea Grapes Extract): improves skin hydration, helps whiten the skin and fight oxidative stress
- (10) O'Young (Broccoli Sprout): serves as a super antioxidant
- (11) Guard U® (Cabbage Extract): contains vitamin U and inhibits gastric ulcers
- (12) Ocean White® (Sargassum glaucescens Extract): serves as an antioxidant with anti-UV effect.
- (13) Dragon Power® (Polygonatum kingianum Extract): increases male testosterone levels and helps improve sexual function
- (14) Soba!® (Polygonatum kingianum Extract): increases high-density cholesterol levels and helps regulate blood lipids
- (15) SugarCut® (Unripe Guava Fruit): inhibits the increase of blood sugar and helps lose weight and improves the symptoms of diabetes
- (16) Happy Angel® (Banana Stamen Extract) : helps prevent prostate hypertrophy
- (17) Dr.Lu (Sea Bass Extract) : promotes wound healing and enhance immunity
- (18) Sun & Moon Enzyme® (Fermentd Dioscorea opposite): protects gastric mucosa and relieves gastric ulcers
- (19) Block 2.5® (Pear Unripe Fruit Extract): repairs lung epithelial cells and removes PM 2.5 from the body
- (20) DKM® (Eggshell Membrane): for degenerative arthritis care

- (21) TCI633 (*Streptococcus thermophilus*): helps improve skin condition and self-production of hyaluronic acid
- (22) TCI378 (*Lactobacillus plantarum*): Protects the intestines and reduces fat, lowers the rate of fat absorption, and accelerates the decomposition and metabolism of fat
- (23) TCI028 (*Lactobacillus plantarum*): Manages and controls 3 highs and prevents atherosclerosis
- (24) TCI507 (*Lactobacillus plantarum*): Manages and controls 3 highs, lower blood cholesterol levels, and reduces fat to help weight control
- (25) TCI711 (*Bacillus coagulans*): Metabolizes alcohol, reduces ROS, and protects the liver
- (26) TCI999 (*Lactobacillus plantarum*): Activates cells
- (27) TCI058 (*Lactobacillus casei*): Increases muscles and reduce fat, produces CLA, and promotes lipolysis
- (28) TCI357 (*Lactobacillus helveticus*): Removes PM2.5, improves respiratory allergies and lung cleansing
- (29) Banana Fermentation: Regulates the intestinal microbiome, increases, through fermentation, the amount of water-soluble fiber, SOD, and organic acids
- (30) Angelica dahurica Fermentation: Helps improve skin condition and inhibit melanin
- (31) Gardenia jasminoides Fermentation: Reduces the anti-inflammatory factor NO content with anti-inflammatory effects
- (32) Amomum villosum Fermentation: Improves hepatic lipid metabolism and inhibits the formation of the fatty liver
- (33) Punica granatum Fermentation: Improves skin condition and helps increase collagen content
- (34) Actinidia deliciosa Fermentation: Improves gastrointestinal health and digestion and relieves gastrointestinal discomfort
- (35) Citrus reticulata Fermentation: Helps control weight and improve fat metabolism
- (36) TCI Musicalzyme (pop): Helps control weight and improve fat metabolism
- (37) Blackzyme: Reduces the damage of blue light to eyes with anti-blue light effects
- (38) Rhizoma Imperatae Fermentation: Improves skin condition and helps increase collagen content
- (39) Semen Raphani Fermentation: Improves cardiovascular health, reduces foam cells
- (40) Watermelon Extract: Improves cardiovascular health, reduces foam cells

In addition to the above-mentioned developed IBD raw materials, the Company is conducting research on plant stem cells and investing in the research and development of drugs. It is expected to develop more natural and beneficial ingredients to human health. The TCI Plant Stem Cell Research and Development Center values the preservation of precious plant varieties through establishing the manner of constant moisture and temperature preservation and developing more than 30 kinds of sterile

seedlings of feature plants of Taiwan, and gradually studies the effectiveness and function of the stem cells. This raw material is produced by the Company itself from plant introduction and disinfection, callus induction, cultivation of mass production, to the end of ultrasonic extraction, experimental analysis, clinical testing, as a complete raw material development process. We will develop more in situ or special plants, and use the effective substance of their stem cells to produce unique raw materials for skin care products and food products.

In addition to the use of solid-state tissue culture technology, the Company also develops new operation modes such as tidal and automated culture, and strengthens the control of production capacity and cost on the basis of existing stable production to create more effective IBD raw materials. Recently, TCI also developed skin care products that are different from the market, such as snowlotus stem cells and iceplant stem cells. Through cell experiments, gene platform to final skin test integration, TCI thoroughly presents the specificity and function of raw materials, so that customers can more clearly understand the true mechanism of effect.

In addition to being used as skin care products and food materials, plant stem cells are also investigating the use of botanicals (API), using special cultivation methods and compound identification techniques to identify specific ingredients, and further developing them into usable medicines, providing more natural and beneficial to the human body. The ingredients that have been developed are as follows:

Snowlotus	Orchid	Iceplant	Tea
Peachblossom	Camellia	Hibiscus	Polygonum
Lavender	Rosemary	Ginseng	Ginkgo
Dendrobiumofficinale	Rhinacanthus nasutus		

2) Gene analysis platform and products and services

Genetic research is gradually bringing human cognition of medical and health care to the precise application of personalization. The Company's G2 gene detection kit has been developed for DNA genetic testing products specifically for Asian Chinese. Sixty chronic diseases can be detected at a time, which provides the risk of diseases as a reference for the personalized health management. The G2 gene test kit for the assessment of inheritance risks includes tests for metabolic diseases such as diabetes, hypertension, hyperlipidemia, obesity, and cardiovascular related diseases such as stroke, coronary artery disease, and about 14 cancer such as colorectal cancer, liver cancer, and breast cancer. In addition to the genetic detection kits related to the disease and health, the Company has paid more attention to the needs of the general public and created many consumer genetic testing kits. Designed a number of genetic testing kits aiming for different ethnic groups such as the OB obesity gene kit for the slimming group, the BS kit for the beauty group, the environmental toxic metabolism kit, the oral inflammation kit, the pregnant mommy stretch marks and the keloid kit, cell anti-aging kit. The Company has accumulated a total of 6,000 gene detection commissions. Through the newly created health management e-platform, the public can obtain personal genetic testing information while maintaining personal privacy

rights. In addition, through our e-platform, clients can choose individual health management strategies, including genetic nutrition specialties, genetic nutrition drips, gene exercise prescriptions, professional health consultation, medical health insurance, core health management plans and other diverse programs, to meet more needs of people for health care.

In order to enable people to more fully understand the health effects of personalized health management and the health applications of G2 gene detection products in preventive medicine, the Company also develops R1 dynamic gene tracking system and B1 protein biological indicators. Through regular blood tests, it provides timely examination of the physical status of the seven major items of blood tumors, cell anti-aging, neurodegenerative diseases, brain vascular diseases, cardiovascular risk, hepatitis and cirrhosis, immune rheumatism and allergies. Additionally, supplemented by high-level bioinformatics statistics, the results of the operations will enable the public to get early warning of disease when the physiological trait of traditional medicine is not obvious. The Company strives to develop a good prediction system and R1 tracking system through genetic technology, and provides ODM personalized health management program for each person. With the health management of genetic nutrition specialties prescribed by the Company's professional physicians and dietitians, it helps people avoid high-risk diseases. In addition, the Company strives to improve the member service system to become a strong backing for the health of members. The efforts of the professional R&D team in the research and development of genetic technology are for the health of members. They introduce biomedical patented IBD raw materials into gene nutritional formulation system to achieve the most accurate and immediate health management.

3) Research and application of symbiotic microorganisms

Microbial immunology has a very important role in clinical practice, and it is also closely related to the health of people in daily life. The Company will invest more in the development of functional probiotics, and establish its own proprietary database of beneficial bacteria, including two series of self-produced strains and gene-regulated strains. For example, TCI633, which produces small molecule hyaluronic acid, is self-generated bacteria. According to the latest R&D data, TCI633 has significant curative effect on initial degenerative arthritis. At the same time, through genetic research, it is pointed out that TCI633 may slow down the initial degenerative arthritis swelling and pain by regulating the activity of osteoblast production. Our R&D team will develop more self-generated series of strains and use the metabolic products of beneficial bacteria to achieve the health care effects of nutritional supplementation. The gene-regulated strains will target chronic diseases such as hypertension, high blood fat, diabetes, obesity, etc., so that microorganisms can regulate the expression of certain specific genes in the human body. Therefore, in the future, the people will continue to supplement with the good bacteria, so that the good bacteria can colonize the body and align with the physiological regulation mechanism of the human body. This utilized the microbiology and human symbiosis to achieve the best benefits of health promotion. So far, the Company's proprietary probiotics scientifically proven with health benefits include:

- (1) TCI633 : relieves discomfort of degenerative arthritis and prevents the development of degenerative arthritis
- (2) TCI378 : reduces cholesterol production, increases fat metabolism, and helps with weight management
- (3) TCI028 : reduces TMAO in the blood, prevents cardiovascular disease, and is resistant to garlic
- (4) TCI507 : decreases the level of cholesterol in blood and helps regulate blood lipids
- (5) TCI711 : promotes liver function and helps toxins degrade and excrete, reducing the accumulation of toxins in the human body.
- (6) TCI999 : improves longevity gene performance and avoids aging
- (7) TCI357 : improves lung cell repair and PM2.5 clearance rate for respiratory health care
- (8) TCI058 : converts fatty acids in the diet to CLA, increases the metabolic rate of the human body and prevents re-fat
- (9) TCI515 : provides two-way regulation of immunity, prevention of allergies, and enhancement of resistance

b. The competition of products

In response to the needs of consumers, in recent years, the trend of functional food and beauty care products and formulas is that there will be star materials emerge almost every 2 to 3 years, such as peptide protein raw materials, fruit acid, vitamin A acid, botox, L-vitamin C, Q10, collagen, hyaluronic acid and deep ocean water. Functional foods and beauty care products are the soul of the entire beauty industry. How to seek new, change, and develop new raw material technologies, formulas, and R&D of new products is a major issue. Therefore, we should continue to pay attention to customer needs and develop innovative strategies in response to the trend of the times for future development opportunities.

Since 2018, the Company has created a new operation mode of “Bio-resource Data-mining”, which is manufactured by gene technology, big data, automation, smart formulation platform and industry 4.0. Therefore, starting from integrating large data form the high-automation devices, which can only be seen in front of the screen including real-time fluorescence quantitative analyzer, AOI automatic optical detection, high speed and high throughput sample processing arm, fully automatic nucleic acid extraction, and fully intelligent six-axis arm, it turns artificial intelligence and automated laboratories into reality. It also combines global biotechnology resources to create high-performance products. Product development focuses on new materials and extraction, screening technology. Based on the extraction and screening conditions of raw materials, they are incorporated into the the experimental design according to the characteristics of the material, the required time, output power, temperature, material liquid ratio, material size and other variables. And the extraction and screening conditions are optimized, and the stability and effective absorption are sought. In addition, through automated research and development, it combines seven kinds of extraction and biotransformation processes, 100

kinds of cell efficacy platform experiments, 200 gene regulation and expression mechanisms, 15 kinds of natural components analysis. Each effect component needs 17,700 experiments. After the vertical integrated automation of "bio-mining", it has increased efficiency by 70 times. Installing high-speed engines accelerates the value of global biological resources. The Company gradually increased the proportion of IBD raw materials automatically, actively distribute patents and increase the advantages that other competitors could not copy.

The Company has developed three core technologies for many years to create high-performance and differentiated products. Technology One, Double Nutri is the innovative technology of TCI, which creates the possibility of nutritional supplementation through emulsification + colloid bearing technology. Now we can use the double-cylinder emulsification technology to combine dual-phase nutrition to create a more effective and convenient product. Technology Two, LipoButy™ is a technology that uses sub-micron molecules to accelerate the delivery of the essence and reach the bottom of the skin. LipoMask™ micro-lipid mask, the technology is originally used for pharmaceuticals, and the output is small and expensive. The Company takes the lead in expanding the production capacity with advanced process. The essence component is the first in the industry to coat the whole liposome with superior characteristics such as small particle size and high permeation, so that the essence can quickly penetrate into the skin cells. As the most effective mask in the industry today, the application time is shortened from 15 minutes to about 5 minutes to achieve the ultimate beauty and skin care effect. Technology Three, the Company conducts cell efficacy tests on the existing functional raw materials with the high-throughput methods from the unilateral to the compound. And we quickly explore whether it has the effect of multiplying or offsetting each other, and integrate this large amount of data into Synergene™ database. According the data, we design different functional appeals including the formulation of skin, immune regulation, cardiovascular health, blood sugar, exercise performance, etc., to develops commercial dosage forms, and then evaluates clinical efficacy. In the future, for brand customers, whether it is in raw materials or terminal products, it can effectively provide scientific verification and integrated high-performance product solutions.

The Company has been developing collagen peptide products for many years, and master the source and characteristics of upstream raw materials. It takes the lead in using technology to create a trace method for the source of collagen peptides, and conducts supplier inspections at a strict genetic level. In addition to verifying the information provided by suppliers, the ultra-high resolution tandem mass spectrometer was used to analyze and detect the collagen peptide sequence, and the analysis results are compared with the international reference standard database. The first-order structural similarity of the protein is verified by artificial intelligence to trace the source of the collagen peptide extraction from pigs, fish and cattle. In addition, the difference in sequence can further identify the species, whether it is a breeding or wild pig, which of the cattle, buffalo, and yak, and which fish. It can analyze the mixed ratio of species. The ratio allows the collagen peptide consumers to eat with confidence, promote the special function of collagen products, and promote the healthy growth of the collagen peptide market. Accurate identification supports differences between collagen peptide sequences and create more differentiated functional and scientifically certified products.

(3) Technology and R&D overview

A. Technical Level and Research Development of the Business

The Company's R&D and Design Center adjusts strategies following the Company's decisions from designing products to meet the needs of customers to automatically actively developing raw materials and promotion of the "Bio-integrated Design" process. The Center is dedicated to the digging of various natural assets including feature plants, agriculture and food processing by-products, microorganisms and their metabolites, marine organisms, etc., and evaluates each material through extraction and biotransformation (fermentation) process, cell efficacy test analysis, and explores the gene regulation mechanism at the cellular level from the gene platform, and finally separates its unique active ingredients. After active ingredients are repeatedly verified, they enter the human clinical research and accelerate the research and development output through the introduction of various automation platforms, which makes the Company's research and development speed in the field of health and technology extremely advantageous. The Company's R&D and Design Center has set up nine laboratories to jointly operate, including Q-ODM Lab, Next Lab, E.V.E. Lab (Efficacy Value Experience), and Human & Microbiome Laboratory (H&M Lab), Molecular Identification & Analysis Laboratory (MIA Lab), ISO 17025 Lab, Eagle Eye Lab, Aroma Therapy Physiology Lab (ATP Lab), and Gene Lab. The energy of R&D is relayed and transmitted to meet the various needs of consumers from now to the future. And the method of Bio-integrated Design follows the principle strictly and is focused and fast to continuously innovate and check.

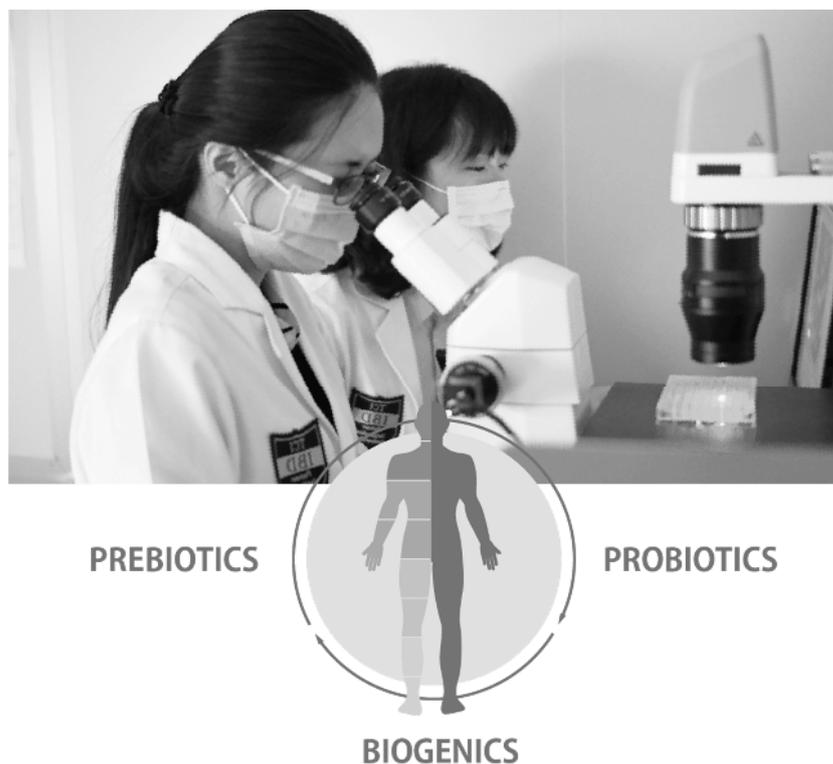
The brief introduction to the 12 major laboratories of the Company:

1) Next Lab

The Next LAB scouts and pinpoints innovative research topics in a far-sighted manner; with the powerful resources of the organization as back up, the Lab with forward-looking researchers, combining the most recent advancements from various academic institutions, act as the incentive for the Company's innovative differentiation. The Lab has successfully developed the plant-stem-cell engineering technology for the sustainable development of rare/precious medicinal plants and herbs. Using the plant-stem-cell engineering technology, the Lab is able to mass produce active ingredients through callus tissue cultures that more importantly amplifies the final product potency so as to provide, to the Company's customers, potent dietary supplements and skin care products with stable quality. In addition, the Lab utilizes micro-emulsion encapsulation technology to perfectly mix oil-soluble substances and water soluble ones to stretch product application and diversity. Through rigorous technological development and deployment of global patents, the Lab never stops innovating, experimenting and practicing, always solving potential problems for our customers before they even occur and foreseeing the needs of consumers by creating fully lifestyle integrated experiences.

2) H&M Lab

The Human Microbiome Laboratory (H&M Lab) focuses on the establishment of a strain library of multifunctional probiotics. Through active screening of probiotics and the natural flora function feedback loop, the development of target-specific micro floral adjustment and modification from selective bacterial manipulation truly benefits each individual and truly improves consumers' lives.



3) MIA Lab (Molecular Identification & Analysis Laboratory)

The Molecular Identification & Analysis Laboratory (MIA Lab) utilizes various high-tech instruments, such as GC/MSMS, LC/MSMS, NMR, UPLC and other internationally recognized methodologies to analyze and identify natural active substances and microbial metabolites. MIA Lab works closely with the GENE Lab to define the active substances responsible for benefiting effects based on the results of in vitro studies. All of the Company's extraction processes are designed to provide maximum yields of health benefiting substances, making our product highly function focused and efficacy driven.

4) E.V. E Lab (E.V.E stands for "Efficacy, Value, Experience")

Through the numerous collaborations with renowned medical research centers, the Lab has laid the groundwork for a pioneering visualization of the clinical verification techniques, by issuing product validation reports to secure the reliability and integrity of a product's consistency, ensuring only the best is delivered, for the customers and for consumers.

5) Q-ODM Lab (Q-ODM stands for "Quality Quickness Quotation Original Design Manufacturer")

The Q-ODM LAB implements the formulations provided by the Product Design Department and crafts theoretical designs into reality so as to ensure optimal manufacturing processes and the most reliable mass production schedule, simultaneously adopting fine-tuning in the advancement of our production processes; the moment the initial samples are created, the planning for all considerations regarding production flow, and product optimization commences immediately. Through parametric analysis of all available sensory tests, flavor evaluations, skin reactions to sheet masks

and dermatological referencing, the Lab helps achieve the highest Quality standards, while being the Quickest in awareness for new business opportunities and lastly providing the economics of rational Quotations.

6) ISO17025 Lab

The ISO17025 Lab is internationally recognized 17025-certified by the Taiwan Accreditation Foundation (TAF). It is equipped with GC-MS/MS and LC-MS/MS to safeguard the products with the fittest international criteria met, and to uphold the Company's insistence that all products conform to the high-efficacy standard. TCI is the leader that sets an industry changing implementation of "100% Safety" product traceability system which contains the entirety of product detailed specifications and every test report conducted from the ingredient to the finished products. The Lab conducts analyses and tests for over 300 test targets, those including but not limited to 3 major preservatives classes, 7 dominant microorganism groups, 9 main heavy-metals categories and 105 pesticide residues. The datasheet documents are attached to the finished products to reassure the customers of product quality and safety.

7) Gene Lab

The Lab has successfully developed a high-throughput cell screening platform to readily identify the ideal optimum target function of every raw material. Through a series of experimentation, the Lab is able to further clarify the interaction between active compounds and genetic groups. Also, the Lab has developed G2 technology, a new genetic tooling and analytical platform, which can predict the likelihoods of certain disease developments, including 58 types of chronic diseases (Diabetes, Hypertension, hyperlipidemia, obesity and other metabolic syndromes) and 14 major cancers. Moreover, the Lab utilizes the R1 Chip, which allows a current physical status examination, and B1 testing that provides dynamic tracking of genes and protein. The two-phase examinations are used to create a gene-centered personalized health management plan.



8) AI-STEM

In response to the amendments to the law concerning cell therapy in Taiwan in 2018, TCI established the AI-STEM (Anti-age Institute for Stem Cell Technology and Experimental Medicine) laboratory in September 2019, mainly responsible for the development of human cell therapy technology. By adopting exclusive cell culture technology, the laboratory produces cell preparations of the highest quality for the treatment or prevention of diseases. In the process of developing cell therapy, IBD raw

materials developed by the unique Bio-resource Data Mining system will be combined with a "cell efficacy verification platform" to find out the impact of raw materials on human stem cell activity and functionality, so as to find the best raw materials for human cell activity.

9) PACK Lab

The PACK Lab is mainly responsible for the development of environmentally friendly packaging materials, the development of special materials, and the design of three-dimensional structures. As green environmental protection remains the focus that countries have attached great importance to in recent years, PACK Lab conducts research on how to make composite packaging materials recyclable and biodegradable, and develop various environmental packaging materials that meet market needs. At the same time, the Lab also studies the appearance and packaging of products to make them more convenient for consumers to use and attract consumers' attention.

10) Q-Pharm Lab

The main purpose of The Q-Pharm Lab is to target TCI Group's existing IBD compounds, use disease-related screening platforms to explore the possibility of compound development into new ingredients and new drugs, and cooperate with the ACE Lab to perform pharmacological or toxicological adjustments of new drug molecules in response to an aging society. The Q-Pharm lab currently focuses on studying diseases related to aging and hopes to build strong protection for human health on the basis of TCI's development of dietary supplements.

11) ACE Lab

The main task of the ACE (Advanced chemical synthesis and engineering) Lab is to analyze TCI Group's unique IBD compounds, develop a total synthesis route, and optimize the mass production process to meet the needs of future animal experiments and clinical trials. After combining the pharmacology and toxicology platform of the Q-Pharm Lab, the Lab can produce new compound molecules, with better efficacy and safety, as the core driver of new drug development. In addition, the team's proficient organic synthesis technology can also provide technical support for the development of novel materials within the group and explore more possibilities.

12) Maxi Lab

The Maxi Lab mainly researches various medical materials that can be made from collagen and hyaluronic acid, including intra-articular injections, artificial bones, collagen regeneration dressings, skin fillings, and ophthalmic viscoelastic. The key technologies of the Lab include collagen extraction and reconstruction, collagen ceramic composite modeling, hyaluronic acid modulation and cross-linking, etc.

B. Research and development personnel and their education

In terms of personnel quality, 60.2% of the total number of R&D personnel were master's degree or above by the end of May 2022.

Unit: person / year

Item		Year	2020	2021	As of May 20, 2022
Academy Ratio of R&D Staff	Ph.D		10	9	9
	Master		59	51	53
	College		35	33	41
	Below Senior High School (Included)		0	0	0
Total			104	93	103
Average Years of Service			2.8	3.4	3.2

Note: Manpower statistics of the whole TCI group (including subsidiaries, full-time dispatch and appointment, excluding temporary manpower).

C. R&D Expense incurred in the most recent year and up to the publication of the annual report

Unit: NT\$1,000

Item		Year	2019	2020	2021
Research and Development Expenses (A)			510,846	497,208	572,395
Operating Revenue (B)			9,566,132	8,223,851	8,580,103
Ratio of Research and Development Expense to Operating Revenue (A/B)			5%	6%	6%

D. Technology and products that have been successfully developed in the most recent year and as of the date of annual report publication

Year	Major Achievements
2017	<ol style="list-style-type: none"> 1. Application research of young pear fruit extract in respiratory health care and detoxification products 2. TCI378 reduced fat probiotics 3. Black tomato extract in eye care health food application development 4. Xueyan extract in the development of tight skin care products 5. Sailboat grape extract in the development of the compact anti-aging effect 6. Eclipta extract in the development of whitening skin care products 7. Orange peel fermentation in body fat management product development 8. Application of mango fruit extract to anti-glycation and fat-reducing products 9. TCI711 detox probiotics 10. Fucus algae extract that enhances skin elasticity and anti-aging

Year	Major Achievements
2018	<ol style="list-style-type: none"> 1. Tree tomato extract in eye care health food application development 2. Liulan extract in the development of moisturizing skin care products 3. Water scented extract for skin care products development 4. Peach glue extract for the development of elastic care products 5. Prickly pear extract in the application of full-effect antioxidant health food development 6. Banana stamen extract in the development for hair care products 7. Buckwheat hull extract in the development for anti-glycation health food 8. Tenaka bark extract is used to prevent skin aging and skin care products development 9. Red dragon ovule extract for anti-glycation health food application development 10. Durian carpel extract in development for anti-fatigue health food applications 11. Paramita white core extract in development for women's health care food applications 12. Dendrobium candidum extract for skin care application development 13. Kaqi huatima extract in the development for anti-aging products 14. Daidai flower extract for the health food of beauty skin and fat loss development 15. Jinhua tea extract is used in the application of the health food of skin fat reduction 16. Purple citronella extract for Qingfei health food development 17. Tea trunk cells in development for skin care products 18. Coffee cherry for the health food of beauty skin development 19. TCI507 orange bacteria can reduce blood lipids and regulate intestinal bacteria 20. TCI357 pear bacteria can repair lung epithelial cells and enhance the ability of macrophages to phagocytose PM2.5. 21. TCI028 good heart bacteria can prevent atherosclerosis and reduce the risk of new blood vessel diseases 22. Pomegranate fermented foods and skin care products for whitening and skin firming.
2019	<ol style="list-style-type: none"> 1. Dill extract in brain health food application development 2. Gold raspberry extract in the application of beauty health food application development 3. Traveler tree extracts for anti-aging health food application development 4. Wild cherry blossom extract is applied to the beauty health food application development 5. Emerald Cherry Extract for Skin Care Food Application Development 6. Indiana extract is applied to antioxidant health food application development 7. Banana Extract in health food application development

Year	Major Achievements
	<p>8. Peanut Skin Extract in health food application development</p> <p>9. Wasabi Leaf Extract in beauty care health food application development</p> <p>10. Ponkan Unripe Fruit Extract in health food application development</p> <p>11. Indian Jujube Unripe Fruit Extract in health food application development</p> <p>12. Jellyfish Proteins Extract in health food application development</p> <p>13. Sargassum glaucescens Extract in health food application development</p> <p>14. Djulis Extract in beauty care health food application development</p> <p>15. Flammulia velutipes Extract in health food application development</p> <p>16. Sea Grapes Extract in beauty care health food application development</p> <p>17. Broccoli Sprout Extract in health food application development</p> <p>18. Cabbage Extract in health food application development</p> <p>19. Polygonatum kingianum Extract in health food application development</p> <p>20. Buckwheat Husk Extract in health food application development</p> <p>21. Unripe Guava Fruit Extract in health food application development</p> <p>22. Banana Stamen Extract in health food application development</p> <p>23. Sea Bass Extract in health food application development</p> <p>24. Fermented Dioscorea opposite in health food application development</p> <p>25. Pear Unripe Fruit Extract in health food application development</p> <p>26. Eggshell Membrane Extract in health food application development</p> <p>27. Streptococcus thermophilus in beauty care health food application development</p> <p>28. Lactobacillus plantarum TCI378 in health food application development</p> <p>29. Lactobacillus plantarum TCI028 in health food application development</p> <p>30. Lactobacillus plantarum TCI507 in health food application development</p> <p>31. Bacillus coagulans TCI711 in health food application development</p> <p>32. Lactobacillus plantarum TCI999 in health food application development</p> <p>33. Lactobacillus casei TCI058 in health food application development</p> <p>34. Lactobacillus helveticus TCI357 in health food application development</p> <p>35. Banana Fermentation in health food application development</p> <p>36. Angelica dahurica Fermentation in beauty care health food application development</p> <p>37. Punica granatum Fermentation in health food application development</p> <p>38. Amomum villosum Fermentation in health food application development</p> <p>39. Punica granatum Fermentation in beauty care health food application development</p> <p>40. Actinidia deliciosa Fermentation in health food application development</p> <p>41. Citrus reticulata Fermentation in health food application development</p> <p>42. TCI Musicalzyme (pop) in health food application development</p> <p>43. Blackzyme in health food application development</p> <p>44. Rhizoma Imperatae Fermentation in health food application development</p> <p>45. Semen Raphani Fermentation in health food application development</p> <p>46. Watermelon Extract in health food application development</p>

Year	Major Achievements
2020	<ol style="list-style-type: none"> 1. Nostoc Commune Extract in beauty-care health food application development 2. Cyclocarya Paliurus Extract in fat-reducing health food application development 3. Blackberry Extract in beauty-care health food application development 4. Dandelion Flower Extract in fat-reducing and edema-reducing health food application development 5. Peony Flower Extract in beauty-care health food application development 6. White currant extract in beauty-care health food application development 7. Plum unripe fruit extract in fat-reducing health food application development 8. Crystal Roselle Extract in beauty-care health food application development 9. Persimmon Unripe Fruit in oral health food application development 10. Pineapple custard apple extract in beauty-care health food application development 11. KetoZyme Ferment in health food application development 12. White Mulberry Ferment in health food application development 13. Yellow Pitaya in health food application development 14. Chioggia beetroot in health food application development 15. Euterpe Oleracea Ferment in health food application development 16. Elderberry Ferment in health food application development 17. Guarana Ferment in health food application development 18. Solanum muricatum ferment in health food application development 19. Ancient Sleep Ferment in health food application development 20. Prunus Domestica Ferment in health food application development 21. Anti-Allergy Ferment in health food application development 22. Annona Muricata Ferment in health food application development 23. Lonicera japonica ferment in health food application development 24. Red ferment in health food application development 25. Magnetic Energy Ferment in health food application development 26. Ginseng Cordyceps Complex Ferment in health food application development 27. Indian Gooseberry Ferment in health food application development 28. Citrus japonica complex fermentation in health food application development 29. TCI999 in health food application development 30. TCI515 in health food application development 31. TCI604 in health food application development 32. TCI275 in health food application development 33. TCI366 in health food application development 34. TCI250 in health food application development 35. TCI058 in health food application development 36. TCI188 in health food application development

Year	Major Achievements
	37. TCI803 in health food application development 38. AKK formula in health food application development 39. AKK plus W in health food application development 40. AKK plus P in health food application development 41. Golden formula in health food application development 42. Black Widow Venom Peptide in skin care product application development 43. Blue Ring Octopus Venom Peptide in skin care product application development 44. TCI LPO in health food application development 45. Diamond Bovine Collagen in health food application development
2021	1. Gentiana scabra Extract in health food application development 2. Nepeta cataria Extract in health food application development 3. Dioscorea polystachya Extract in health food application development 4. White jade pomegranate Extract in health food application development 5. Queen Garnet Plum Extract in health food application development 6. Blood peach Extract in health food application development 7. Sophora japonica Extract in health food application development 8. Mangosteen peel Extract in health food application development 9. Hulless barley Extract in health food application development 10. Black diamond apple Extract in health food application development 11. Rose apple Extract in health food application development 12. Terminalia catappa leaf Extract in skin care product application development 13. Egyptian lotus Extract in skin care product application development 14. Zinnia elegans Extract in skin care product application development 15. French White Gold Enzyme in health food application development 16. Golden melon Ferment in health food application development 17. Noni Fruit Enzyme in health food application development 18. Probio-Kombu black tea in health food application development 19. Turmeric Enzyme in health food application development 20. 3-in-1 Hyaluronic Acid Enzyme in health food application development 21. White wax apple Enzyme in health food application development 22. Lepteam Enzyme in health food application development 23. Static Cocoa Enzyme in health food application development 24. White cherry Enzyme in health food application development 25. Rice green grain prebiotic in health food application development 26. NMN in health food application development 27. TCI943 in health food application development 28. TCI357 in health food application development 29. TCI507 in health food application development 30. TCI007 in health food application development 31. TCI904 in health food application development

Year	Major Achievements
	32. TCI405 in health food application development 33. TCI988 in health food application development 34. TCI904 in health food application development 35. Swim bladder Extract 36. MAXI Collagen 37. Salmon milt in health food application development 38. Gold Clams Peptide in health food application development 39. Pigeon pea protein 40. Pink algae protein 41. Human-like Collagen 42. White Collagen 43. Pro-Skin Six Peptide 44. Pineapple Enzyme in health food application development

(4) Short-Term and Long-Term Development Plans

A. Short-Term Development Plans

- 1) Rapidly develop new products with opportunities for market trends, continuously strengthen formula design and intensify product efficacy to enhance product efficiency. Meet market needs with production cost control and innovative product packaging design to expand market share.
- 2) Continue to strengthen the development of local materials in Taiwan, and aim to become exclusive raw materials. Especially strengthen, scientize and value-add Taiwan's native agriculture.
- 3) Devote to improving the product design capability and technical level of R&D personnel to increase market competitiveness.
- 4) Use a bioreactor in a liquid culture manner to cultivate plant callus (stem cells) in a large scale, develop optimum production conditions for each product, and strengthen product efficiency and reduce production costs.

B. Long-Term Development Plans

- 1) Continue to communicate and cooperate with universities and hospitals, and research and develop more new materials, products and efficacy verification in combination with academic resources.
- 2) Fully integrate raw materials, establish its own experimental extraction plant at the processing end, and plant plants with development potential on its own to achieve full-scale integration of raw materials.
- 3) Research and development of genetic testing, research on the relationship between genetic and genetic diseases, and related clinical trial projects.
- 4) The relationship between the application of microbial immunology to clinical medicine and personal health.

2. Market, production and sales overview

(1) Market analysis

A. Target regions

Unit: NT\$1,000; %

Counterparty \ Year	2020		2021	
	Amount	%	Amount	%
Domestic Customers	544,927	4.56%	1,011,137	11.78%
Overseas Customers	7,678,924	95.44%	7,568,966	88.22%
Total	8,223,851	100.00%	8,580,103	100.00%

B. Market share

Unit: US\$ billion

Item	The Company's Annual Revenue in 2021 (Note)	Market Share
Supplements and functional food	2.63	0.17%
Cosmetic and skin care products	0.30	0.004%

Data source: Grand View Research, mordorintelligence

Note: The currency exchange rate between US\$ and NT\$ was 1: 27.9983.

C. Market supply and demand situation and growth in the future

The global health food market is expected to reach US\$230.9 billion. In recent years, natural products, plant extracts, organic sources and sugar-reducing formulas have increasingly gained people's attention, and products such as protein, fish oil, Omega fatty acids and probiotics have been rapidly developed. The Company will develop and manufacture related products based on the development trend of health foods. According to the market research report of Mordorintelligence, the global beauty care products market reached US\$5,704 in 2018. It is estimated that the global beauty care products market will reach US\$805.6 billion in 2023, with a compound annual growth rate of 7.14%.

D. Competitive Niche

1) Continuous development of new materials

In response to the needs of consumers, in recent years, the trend of functional food and beauty care products and formulas, there will be star material almost every 2 to 3 years, such as peptide protein raw materials, fruit acid, vitamin A acid, Botox, L-vitamin C, Q10, collagen, hyaluronic acid and deep ocean water. Functional foods and beauty care products are the soul of the entire beautiful industry, and how to seek new, change, and develop new raw material technologies, formulas, and research and development of new products is a major issue. Therefore, we should continue to pay attention to customer needs and develop in response to the trend of the times. Develop your own innovative strategies for future development opportunities.

The Company is responsible for the development of re-materials and extraction and screening technologies. The extraction and screening conditions of raw materials are

based on the characteristics of the materials, and the time, output power, temperature, material ratio, material size and other factors are added. In the experimental design, the extraction and screening conditions are optimized, and the stability and effective absorption are sought. In the future, the Company will gradually increase the proportion of autonomous IBD raw materials, actively distribute patents, and increase the advantages that other competitors cannot replicate.

2) Actively deploy overseas markets

The bottleneck in the scale of the domestic food biotechnology industry lies in the fact that its market size is too small to rely solely on the Taiwan market. It is necessary to focus on the Asia-Pacific market and the global market, otherwise it will be difficult to survive and grow. The domestic manufacturers should strategically focus on economies of scale as the primary task, and actively develop the Asian markets of many potential consumers. In particular, the Chinese mainland market can be used to develop markets first, to identify differences, adapt to local conditions and complement Taiwan's advantages. How to make consumers' peace of mind and healthy eating become an important trend of product development. When Taiwanese manufacturers enter the mainland market, because of the stable quality and beautiful design, and the safety of Taiwanese manufacturers is generally trusted by mainland consumers, they can be launched. Special products such as products with Taiwan characteristics or advantages are used to cut into the layout of business opportunities.

The Southeast Asian market, including Malaysia, Indonesia and other countries, has a large Muslim population. Therefore, based on religious beliefs, the Muslim population attaches great importance to the source of raw materials for the demand for functional foods. Healthy foods or beauty products developed by food biotechnology companies must avoid alcohol and pig extracts in order to gain the favor of local consumers.

The Company is committed to the development of the international market, and has established a service base in the existing mainland China market. For the Southeast Asian market, considering the Muslim population in Malaysia and Indonesia, in addition to applying for halal certification and developing products in line with local conditions, 2017 Jakarta, Indonesia, reached an office and went deep into the local market. In addition, we are also actively developing regions such as Japan, Europe, Australia and India to expand our customer base.

3) Product quality assurance and validation

The Company's entire products have passed the inspection, and the Company's quality verification laboratory has passed ISO17025 and TAF certification, and the credibility is equivalent to the third-party inspection unit. In 2015, LC-MS/MS and GC-MS/MS were newly purchased to establish product history. The system consists of five preservatives, eight major microorganisms, nine heavy metals and 310 pesticide residues, six plasticizers, and a "product resume" containing product specifications and various measurement items. Attached with the goods, so that customers are more at ease.

E. Advantages, Disadvantages and Countermeasures of Developing Prospects

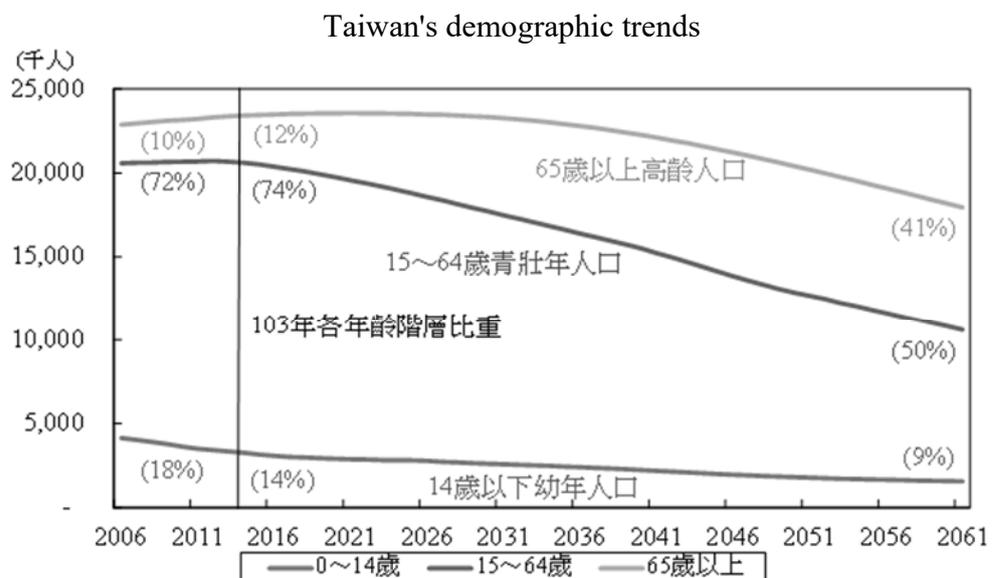
1) Favorable factor

a. Development of preventive medicine and adjuvant therapy

Chronic diseases, including cardiovascular diseases, hypertension, cancer, chronic respiratory diseases and diabetes, threaten human health. As the number of chronic diseases increases, it becomes a major concern for medical expenses and social welfare burdens in various countries. Health and function From the perspective of preventive medicine, food has the functions of increasing nutrition, promoting health and delaying aging. It is gradually favored by governments and consumers in the context of expecting health care and functional foods to reduce medical expenses and health awareness.

b. Health awareness and the elderly population increase to increase market demand

Chinese people are affected by social and people's livelihood problems such as long-term stagnation of real wages and high housing prices. Coupled with the rise of Chinese singleism and the gradual decline of the concept of raising children, the people's fertility will decline for a long time, and the population structure of China continues to be aging. According to the Ministry of the Interior. According to statistics, the proportion of the elderly population in Taiwan increased to 14.09% in 2017, officially entered the old age society, and entered the super senior age (more than 20%) in 2035. As the elderly population pays more attention to their own health and the food consumption budget is higher, it will drive the market scale of domestic health food, nutritional supplement food, natural grain, fruits and vegetables and fresh food to continue to expand.



*Data source: Ministry of the Interior, R.O.C. (Taiwan)
Population estimation of the Republic of China: collected by Topology Research Institute,
2015/04*

c. Consumer self-care awareness

As the concept of “self-care” is taking shape, consumers are encouraged to build a sense of health awareness and continue to recognize that food can provide health benefits and help with disease management, such as improving cardiovascular function and strengthening body energy. Increased purchasing confidence with endurance, maintenance of overall health and improved digestive system, especially for certified and clinically proven products.

d. Increased income in China and the emphasis on health awareness

In recent years, with the high growth of the Chinese mainland economy, with the increase in consumer disposable income, the expenditure on improving health and living standards will also increase. In the next few years, the mainland vitamin and health food market is expected to continue to maintain its ideal momentum. According to data provider Euromonitor, as of the end of 2017, the mainland market for vitamins and health supplements has reached RMB 160 billion, and with the release of consumption power in second- and third-tier cities, it will become a new force for consumption growth. The market for food and beauty care products has great potential for development in the future.

e. Increased female spending power

Women’s economic and life autonomy makes them able to invest more in order to improve their external problems. External improvements can increase interpersonal relationships, and beautiful appearances can be appreciated by others. In addition, there may be more job opportunities. The advantages brought by external advantages make women willing to invest money and time to receive various kinds of beauty care services in order to become beautiful. The sales volume of beauty drinks market is growing year by year. It shows that Taiwan women's requirements for beauty are not limited to the face. Instead of pursuing all-round beauty, the future will be a big business opportunity for the health food and beauty care products market.

f. The rise of genomics

Scientists are currently studying the interrelationship between genes, diets, and diseases of "personal genomics," so-called nutrigenomics, to achieve life management and disease prevention, and even predictive purposes. Personal genetic testing confirms whether it is prone to metabolic syndrome or other diseases, and provides health measures for life, diet, and health food applications to achieve preventive effects.

2) Unfavorable factors and countermeasures:

a. The health and functional food market has flourished, causing large domestic and foreign manufacturers to enter, and many competitors in the industry.

Action Plans:

a-1 The Company is guided by the needs of consumers. In the development process, the products assist customers to conduct feasibility analysis and produce specific marketing plans, and to grasp the analysis of target group preferences, so that products can grasp market trends before production and can avoid Develop highly competitive products.

- a-2 The Company set up a function verification laboratory to conduct experimental verification on product efficacy, give scientific data and proof with high reference value, and cooperate with various medical centers or professional institutions to open a complete professional verification report to enhance customer confidence and satisfaction. degree.
- a-3 The Company conducts molecular-level DNA and RNA research on raw materials and products, understands how raw materials and products work in the human body, and understands the synergy between the various materials for efficacy, which can be used to design products. The most effective product.
- a-4 The Company has applied for patents in Taiwan, the United States, China, South Korea, Hong Kong, Japan, Germany, France, India, Singapore and Europe. Up to now, 239 patents have been approved and 265 applications have been approved to prevent research and development. Infringed by others, innovative products to ensure the competitive advantage of the Company and its customers.
- a-5 The Company has two GMP-certified factories, such as a capsule tablet factory and a functional beverage factory, which have improved the Company's self-made rate. Currently, we are actively expanding the domestic demand market and other overseas markets in China, and we have established health food factories and mask factories in Jinshan District, Shanghai, China to directly serve local and international customers with high efficiency and competitive prices.
- a-6 The Company uses a variety of autonomous IBD (Integrated Bio-science Design) raw materials such as banana peel and peanut film. In 2014, it also used 12 kinds of health care products (including Formosa Ruby™, Cleaner J™, Dragon Power™, etc.). Won the international invention awards, through the differentiation of raw materials and dosage forms, develop unique products to lead the market and avoid competition among peers.
- b. The Taiwan market is limited in scale and food hygiene management regulations (such as food hygiene management laws, health food application licensing methods, etc.) tend to be strict.

Action Plans:

- b-1 China's market will increase its market size with the increase of people's income. Therefore, the Company has established a large-scale service base to gradually promote the entire line of products to the Mainland China area.
- b-2 At present, sales in the US and Europe account for a gradual increase in the overall proportion of the Company. Through the successful model of business development, we actively strive for orders from internationally renowned manufacturers.
- b-3 The Company is also actively developing the Southeast Asian market. Considering that there are many Muslims in Indonesia and Malaysia, in addition to applying for HALAL certification, and developing new products that meet local customs, such as fish collagen drinks, to enhance consumer purchases. Willingness.

- b-4 The Company's Legal Intelligence Department has collected and organized the laws on health food and beauty care products in Taiwan, China, Malaysia, Hong Kong, the United States and Europe to ensure that the Company's products can fully comply with regulations and reduce legal risks.
- c. The characteristics of health foods belong to a product that is directly consumed by consumers, so the safety of products is a consideration that consumers will pay attention to when purchasing.

Action Plans:

- c-1 The R&D department laboratory of the Company is responsible for raw material development, formula design and efficacy verification, and manufactures according to SOP specifications. After being issued by the Quality Assurance Center, it can be listed to ensure the safety and efficacy of the products.
- c-2 Because the Health Department of the Executive Yuan has strict specifications for healthy foods, if the Company's products want to obtain the certification of healthy foods, it must undergo a rigorous review process, indicating that the certified products have passed the quality control of government units, making it easier. With the recognition of consumers, the Company has obtained ISO9001, ISO22000, ISO17025, HACCP, Sedex, FSSC22000, food GMP, functional food GMP, HALAL and other quality certifications at home and abroad, and established standardized production processes and strict production in the production plant. Quality control, so the product is highly competitive.

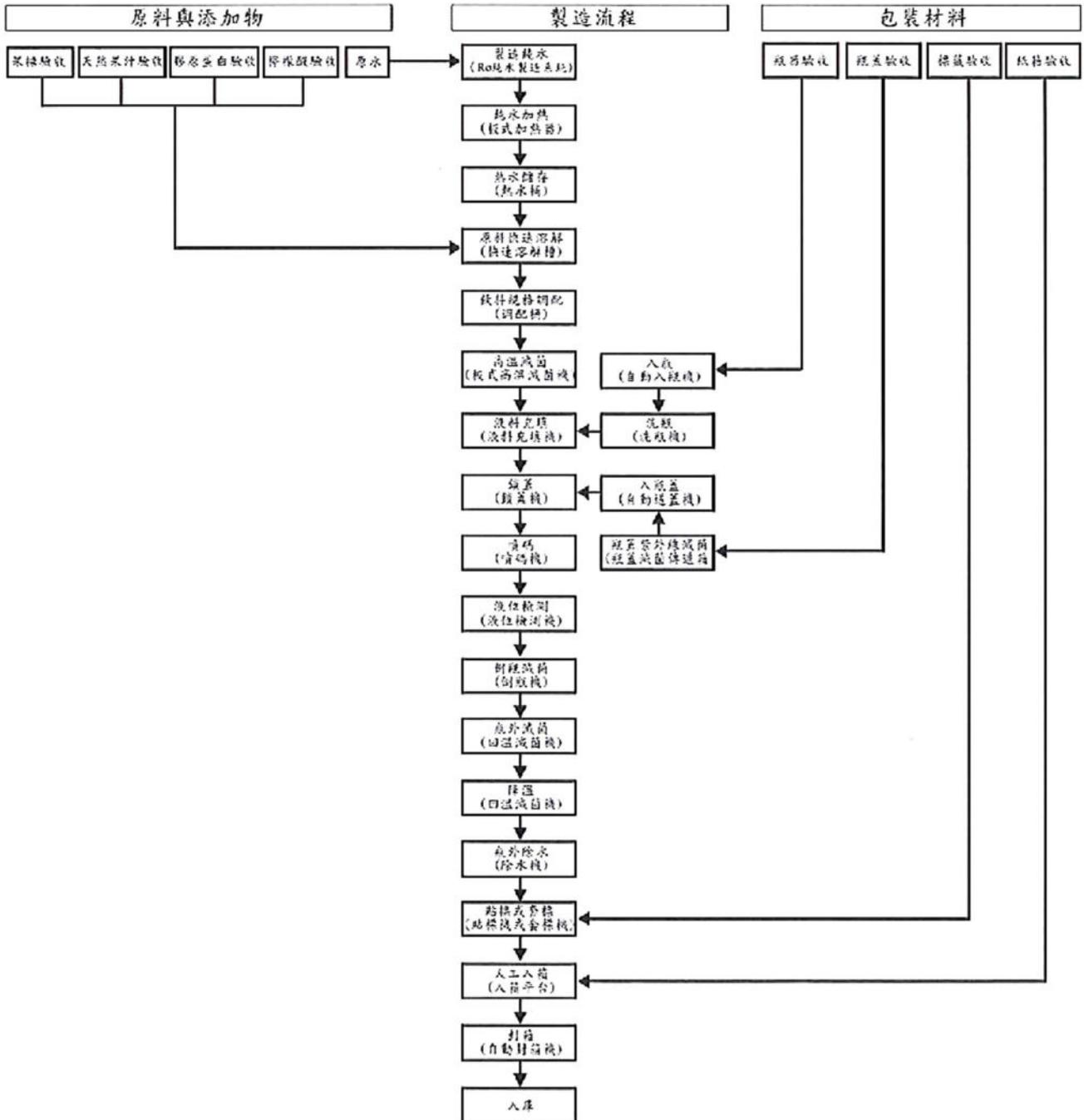
(2) Important use of the main products and production process

A. Major functionalities

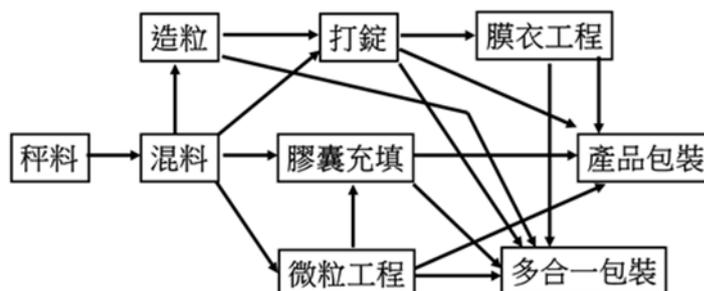
Product Category	Major Functionalities
Functional Beverages	Supplements the loss of body collagen, breast enlargement, whitening, slimming, lubricating joints, lowering blood fat and enhancing immunity
Dietary Supplements	Various types of whitening, anti-wrinkle, slimming, eye protection and immune enhancement
Cosmetic and Skin Care Products	Skin and facial skin care

B. Manufacturing process

1) Functional beverages



2) Capsules, tablets, powders



(3) Supply of main raw materials

The Company's raw materials are supplied by domestic and foreign manufacturers. In order to obtain a stable source of purchase, the Company and suppliers have always maintained close cooperative relations and actively developed new suppliers.

(4) List of major suppliers and sales customers in the last two years

A. The name of the supplier and its purchase amount and ratio, which accounted for more than 10% of the total purchase amount in any year in the last two years, and the reason for the increase or decrease: the Company did not purchase a single supplier in 2020 and 2021. The amount accounts for more than 10% of the total purchase.

B. The name of the customer and its sales amount and ratio, which accounted for more than 10% of the total sales in any of the previous years, and the reasons for the increase or decrease.

Unit: NT\$1,000

Item	2020				2021			
	Customer Name	Amount	%	Relationship	Customer Name	Amount	%	Relationship
1	Customer M	1,014,753	12.34	None	Customer I	1,015,424	11.83	None
2	Customer L	1,115,443	13.56	None	Others	7,564,679	88.17	—
3	Others	6,093,655	74.10	—				
	Annual Revenue	8,223,851	100.00	—	Annual Revenue	8,580,103	100.00	—

Reasons for increase or decrease:

The Company's sales to customer M have declined as a result of the customer's enhanced in-house manufacturing capabilities in recent years. The overall operation of customer L, a Chinese customer, was not as expected due to the pandemic, slower economic growth and macro policy pressure. Customer I is a U.S. customer. Benefiting from the first post-epidemic economic recovery in the U.S., consumer demand for health care and skincare has expanded, and I's operations have warmed up, contributing significantly to the Company's revenue.

(5) Quantity of production in the last two years

Unit: NT\$1,000 / 1000 pcs

Product Category \ Year	2020			2021		
	Production Capacity	Quantity of Production	Sales	Production Capacity	Quantity of Production	Sales
Functional Beverages	391,248	152,696	2,183,684			
Dietary Supplements	Note	Note	2,056,374	Note	Note	
Cosmetic and Skin Care Products	Note	Note	394,065	Note	Note	
Total			4,634,123			

Note: Due to inconsistent product dosage units, it is not intended to calculate production.

Change Analysis:

The company's output value in 2020 decreased compared to 2019, mainly due to the decline in the output value of functional beverages and beauty care products resulting from the COVID-19 pandemic. However, there was an increase in sales of dietary supplements due to the growth of the sales of immunity-boosting products, which in turn led to a growing capacity of related production lines.

(6) Sales and production quantity in the recent two years

Unit: NT\$1,000 / 1000 pcs

Product Category \ Year	2020				2021			
	Domestic Customers		Overseas Customers		Domestic Customers		Overseas Customers	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Functional Beverages	12,348	202,431	189,725	3,954,725	11,934	203,223	228,878	4,088,441
Dietary Supplements	Note	201,164	Note	2,995,968	Note	313,869	Note	2,753,496
Cosmetic and Skin Care Products	Note	56,202	Note	654,222	Note	67,001	Note	545,105
Others	Note	85,130	Note	74,009	Note	427,043	Note	181,925
Total		544,927		7,678,924		1,011,137		7,568,966

Note: Due to inconsistent product dosage units, it is not intended to calculate sales.

Change Analysis:

The Company's revenue from other categories in 2021 was mainly from medical testing and sales of medical materials. The increase over 2020 is due to the increase in demand for testing as a result of the spread of the pandemic and the revenue from the acquisition of Maxigen Biotech Inc.

3. Employees' employment, average length of service, average age and academic distribution ratio of employees in the last two years and up to the annual report

Unit: person

Item		Year	2020	2021	As of 2022 May 20
No. of Employees	Support Staff		138	123	131
	Management Staff		3	3	3
	R& D Staff		104	93	103
	Sales Staff		16	19	16
	Direct Staff		355	348	320
	Total		616	586	573
Average Age			34.5	33.6	33.0
Average Years of Service			3.4	3.8	3.9
Academy Ratio (%)	Ph.D		2%	2.2%	2.1%
	Master		26.9%	23.9%	24.2%
	College		50.3%	55.3%	56.2%
	Below Senior High School (Included)		20.8%	18.6%	17.5%
	Total		100.00	100.00	100.00

Note: Manpower statistics of the whole TCI group (including subsidiaries, full-time dispatch and appointment, excluding temporary manpower).

4. Environmental expenditure information

- (1) According to the law, the instructions for applying for, paying or setting up the requirements for the application, payment or establishment of the pollution facility permit or pollution discharge permit or the need to pay the pollution prevention cost or the establishment of the environmental protection special unit:

The Company has no special pollution in its manufacturing process, so it does not need to apply for a pollution installation permit or a pollution facility discharge permit. The Company's plant affairs department, environmental safety department, and legal department assist the Company in complying with environmental protection-related laws and regulations to ensure that it fulfills its corporate social responsibility and works for the mutual benefit of the community.

- (2) Investment in the prevention and control of major environmental pollution equipment and its use and possible benefits:

The Company has invested approximately NT\$22 million in wastewater treatment equipment and construction work related to wastewater treatment in the factory, and has installed waste gas treatment equipment and RTO in the digital printing line for a total of approximately NT\$15 million. The Company invests nearly NT\$40 million in major equipment for environmental pollution prevention and control, and spends approximately NT\$1 million per year on regular inspections and monitoring of environmental pollution, such as high temperature and water

quality. We are committed to high quality manufacturing and at the same time strengthen the interests of our stakeholders, provide a safe and pollution-free working environment for our employees, and work together with the community to ensure that we are committed to reducing and controlling the impact that may be caused to the environment.

- (3) For the last two years and up to the printing date of the annual report, the Company has improved the environmental pollution process, and should explain the treatment process if there is a pollution dispute: The Company used digital printing extensively in 2021 to provide customers with customized product packaging and design. Yet, the emissions from digital printing need to be treated by specific equipment. The Company's total amount of payable is approximately NT\$15 million for the purchase of waste gas treatment equipment. For the last two years and as of the date of the annual report, there were no environmental pollution disputes and no fines or compensation for pollution disputes.
- (4) The total amount of losses (including compensation) and dispositions suffered by the Company due to environmental pollution in the last two years and the end of the annual report, and the future response measures (including improvement measures) and possible expenditures (including failure to take countermeasures) The estimated amount of loss, disposition and compensation that may occur, if it cannot be reasonably estimated, should state the fact that it cannot be reasonably estimated): None.
- (5) The impact of the current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditures and the estimated major environmental capital expenditures for the next two years: Upholding the high standards of a world-class CDMO factory, the Company has adopted green building, energy-saving and carbon-reduction, and environmental protection measures during the construction of the factory, and has been recognized by The Green Organization in the United Kingdom with Green World Award and invited to become the Green World Ambassador, effectively promoting the company as a leading manufacturer of health care and skincare products in the world.

The Company anticipates the following environmental improvement measures for the next two years:

A. Water Saving Plan

The Company's goal is to achieve a 25% reduction in water withdrawal intensity by 2030, with a base year of 2022. Therefore, the Company will actively evaluate the construction of water recycling facilities and expects to invest approximately NT\$5 million to NT\$8 million in drainage water recycling equipment in the next two years.

B. Waste reduction and circular economy

- 1) Rock plant waste reduction measures: Waste sorting for general business waste, drying and dewatering for plant waste, changing the amount of dosing for sewage treatment to achieve sludge reduction, secondary use for external packaging materials, and reducing the use of non-recyclable materials, with the goal of achieving zero waste at the production end by 2030.
- 2) Circular Economy: The Company continues to promote the reuse of agricultural by-products to maximize the efficiency of resource use and help farmers reduce greenhouse gas emissions from waste disposal. In 2021, the sales of health care products and skin

care products made from functional raw materials derived from agricultural by-products contributed approximately NT\$1.9 billion to the Company's revenue in that year. The Company expects to invest in product sales and increase the use of recycled raw materials to enlarge the contribution of recycled raw materials by 25% in the next two years.

C. Energy Saving Plan

In 2022, we will invest a total of NT\$50 million in energy saving projects in our Rock Park, including the replacement of ice and water mainframe, installation of smart meters, and energy management platform, which is expected to save more than 38% of electricity.

D. Construction of solar photovoltaic power generation facilities

The Company plans to increase the proportion of renewable energy use by building its own power plants. The construction cost of 1KW of solar power capacity is approximately NT\$50,000 to NT\$60,000. In order to achieve the target of 100% renewable energy use by 2030, it is expected that an additional 20% to 30% of the total energy use will be obtained in the next two years.

5. Labor Relations

- (1) The Company's employee welfare measures, education, training, retirement system and its implementation, as well as the agreement between the employers and the employees, and the implementation of the employee's right protection.

A. Employee Welfare Measures

The Company and subsidiaries in Taiwan, except for the law and related laws and regulations, all employees are involved in labor insurance, universal health insurance, group accident insurance, and provide wedding and funeral allowances and various allowances, and hold regular birthday celebrations. In addition to special festivals, staff gifts (goods), year-end tails, year-end bonuses, employee subscriptions and dividends, etc., and the establishment of the employee welfare committee to coordinate various employee welfare plans; in addition to paying social fees for employees in accordance with Chinese laws and regulations. In addition to insurance and housing provident fund, it also provides benefits such as wedding and funeral benefits and various allowances, year-end tails, and year-end bonuses.

B. Education and training

The Company and its subsidiaries provide a variety of training courses and various professional on-the-job education training, including new staff training, on-the-job training courses, labour safety and health education training, professional courses, etc., and department heads and staff can also send staff as needed. Or self-study courses and exeges organized by external organizations to enhance the professional competence and core competitiveness of employees, and strengthen the staff's complete training and training channels.

C. Retirement System and Its Implementation

In order to promote the retirement of living and strengthen the relationship between the Company and the Taiwanese companies, the Company and its subsidiaries in Taiwan are all based on the completion pension regulations. The Company provides a retirement reserve of 6% of the total monthly salary, and deposits it into the management bureau of the Bureau of Environmental Protection; The Company pays basic endowment insurance premiums on a monthly basis in accordance with the Social Insurance Law.

D. The agreement between the employers and the employees

The Company and its subsidiaries have always complied with various government laws and regulations, and paid attention to labor rights and interests. The employment, separation, retirement and various welfare measures of employees are based on the Labor Standards Law and relevant laws and regulations. In order to maintain a good interaction between the employer and the employee, there has not been any dispute that has caused an agreement between the employers and the employees. However, the Company will continue to make good efforts to make welfare measures more harmonious, so as to eliminate the possibility of disputes over capital disputes.

E. The agreement between the employers and the employees, and the implementation of the protection of employee rights

The Company and its subsidiaries have established a comprehensive system and system, which sets out various management measures, which clearly define employee rights and obligations and welfare items, and regularly review the revised benefits to safeguard all labor rights.

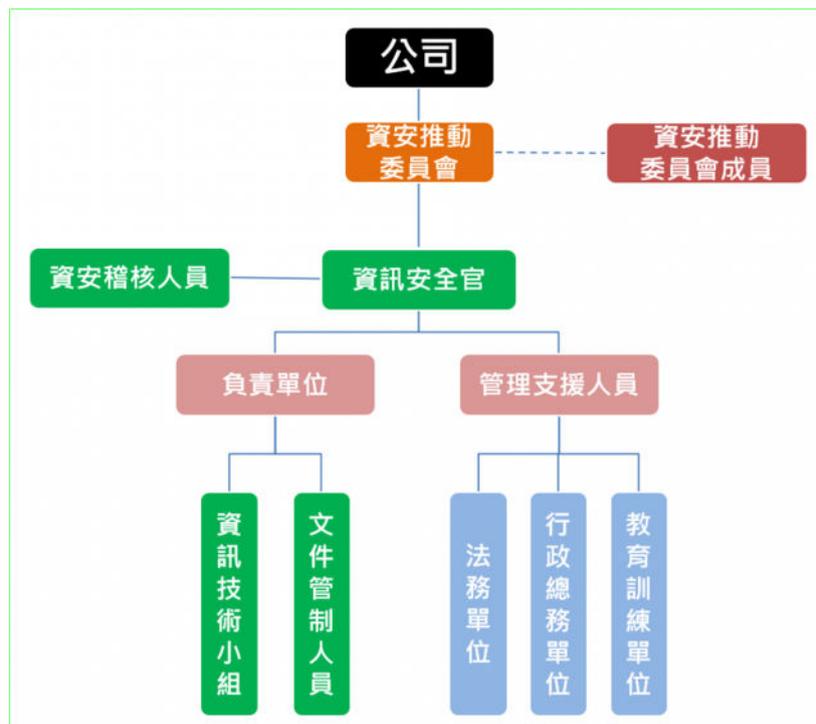
- (2) In the most recent year and the end of the annual report, the losses suffered by labor disputes, and the current and future estimated amounts and response measures may be disclosed. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated.

Labor / Employer dispute loss incurred in the most recent year and up to the publication of the annual report; also, disclosing estimated current and future loss and its countermeasure: None.

6. Cyber Security Management

- (1) Describe the cyber security risk management framework, cyber security policies, specific management plans and resources devoted to cyber security management.
- (2) Specify the losses, possible impacts and responses to major cyber security incidents in the most recent year and up to the date of printing of the annual report, and if it is not reasonably estimable, state the facts that it is not reasonably estimable.
- (3) The risk management framework for cyber security, cyber security policies, specific management plans and measures for cyber security management

A. Risk management framework



B. Security policy

Our company uses ISO 27001 and BS7799 as reference standards and formulates information security policies based on actual internal management needs. The main information security management requirements are the basis for the establishment, and the relevant information services provided by the Strategic Intelligence Center and the company's related departments are the main scope.

In order to maintain the company's competitive advantage, all employees are expected to manage themselves in accordance with the relevant information protection regulations promulgated by the company, and to be aware of information security. In addition to information security control measures for information system services, we also focus on protecting the confidentiality, integrity and availability of important personal and transaction information. We strengthen information security management, ensure the security of hardware and software information such as data, systems, equipment and networks, create a healthy information environment, deploy innovative information security protection technologies, and implement and promote information security management operations to enhance the quality of services provided by TCI.

C. Specific management solutions

In addition to setting up an Information Security Committee to coordinate, manage and supervise all the Group's information security operations, the Company has dedicated information security engineers to handle information security work, and regularly conduct vulnerability scans, social engineering drills, protection system effectiveness checks and other related information security tests, and provide related information security promotion and education training courses. Although we have not purchased information security insurance for the time being, through the operation of the Information Security Committee and the implementation of information security policies, we can still provide a safe and secure information security environment and protect the information security of our services. The next goal is to complete the information security expert system of each factory to strengthen the Group's information security protection network and establish a joint defense mechanism for information security. In the future, in addition to the expansion of information security personnel, we plan to conduct training and certification so that the Company's information security can be more complete and reliable in terms of manpower and capability.

- (4) Specify the losses, possible impacts and responses to major cyber security incidents in the most recent year and up to the date of printing of the annual report, and if it is not reasonably estimable, state the facts that it is not reasonably estimable: None.

7. Important contracts: As of the publication date of the annual report, the important contracts that are still valid and expired in the most recent year are listed as follows

Contract Type	Signatory	Contract Counterpart	Date of Contract	Main Content	Restrictions
Sale and Purchase Agreement	The Company	Global Investment Holdings, Grand Cathay Venture Capital Co.,Ltd., Grand Cathay Venture Capital II Co.,Ltd., Prudence Capital Management, Grand Cathay Venture Capital III Co.,Ltd., Hopewell Investment, Global Financial Consulting, Hongyu Management Consultants	2021/3/3~2021/6/2	Shares of Maxigen Biotech Inc. should be sold	None
Asset Acquisition Contract	The Company	Morinda Holdings, Inc. 、 Morinda, Inc. 、 NewAge, Inc. 、 Tropical Resources, Inc.	2021/08/20~2026/08/19	Acquisition of production equipment and OEM sales business, etc.	None
Contract for Work	The Company	Lee Ming	2021/01/10~2022/07/09	S11-S12 air bridge main and decoration project	None
Contract for Work	The Company	Acter	2021/05/01~2022/07/30	S12 4F-TDN2 Automation Requirements Engineering	None
Purchase Contract	The Company	GrandTech	2021/06/22~2022/07/21	HP Indigo 20000 digital printing machine	None
Purchase Contract	The Company	JERLOUN INC.	2021/09/27~2022/10/26	AVT Apollo 20k automatic quality inspection machine for digital printing	None
Purchase Contract	The Company	Kyoto Seisakusho Co., Ltd.	2020/12/25~2022/3/31	Cooling tower internal conveying equipment	None

VI. Financial Information

1. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years

(1) Condensed Balance Sheet

A. Condensed Balance Sheet

a. Stand-alone Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial Information in the Recent 5 Years				
		2017	2018	2019	2020	2021
Current Assets		1,022,643	3,080,004	2,655,330	2,106,491	2,557,387
Property, Plant, and Equipment		1,341,941	1,555,891	1,883,457	2,985,462	3,391,980
Intangible Assets		17,755	15,954	19,532	13,477	13,946
Other Assets		2,015,396	3,949,579	5,817,718	5,844,835	6,666,533
Total Assets		4,397,735	8,601,428	10,376,037	10,950,265	12,629,846
Current Liabilities	Before Distribution	873,719	2,381,478	2,781,495	3,428,644	3,510,975
	After Distribution	1,108,650	3,099,731	3,822,117	4,469,399	4,560,989
Noncurrent Liabilities		226,641	137,938	461,467	21,585	1,002,444
Total Liabilities	Before Distribution	1,011,657	2,877,542	3,242,962	3,450,229	4,513,419
	After Distribution	1,246,588	3,595,795	4,283,584	4,490,984	5,563,433
Shareholder's Equity Attributable to Parent		—	—	—	—	—
Paid-in Capital		870,117	1,026,076	1,196,172	1,182,202	1,182,449
Capital Surplus		1,453,414	2,256,871	2,600,733	2,618,432	2,647,254
Retained Earnings	Before Distribution	1,197,690	2,613,710	3,757,296	4,183,328	4,687,858
	After Distribution	832,241	1,741,546	2,716,674	3,142,573	3,637,844
Other Equity Interests		(135,143)	(172,771)	(421,126)	(257,069)	(282,347)
Treasury Stock		—	—	—	(226,857)	(118,787)
Non-Controlling Interest		—	—	—	—	—
Total Equity	Before Distribution	3,386,078	5,723,886	7,133,075	7,500,036	8,116,427
	After Distribution	3,020,629	4,851,722	6,092,453	6,459,281	7,066,413

Data source: The Financial Statements approved by the CPAs.

Note: The distribution of earnings for 2021 has been approved by the board of directors.

b. Consolidated Condensed Balance Sheet

Unit: NT\$1000

Item		Year	Financial Information in the Recent 5 Years				
			2017	2018	2019	2020	2021
Current Assets			2,831,034	7,227,635	6,300,355	6,944,855	7,817,191
Property, Plant, and Equipment			1,682,933	1,925,376	2,488,439	3,714,190	4,611,133
Intangible Assets			25,667	25,266	31,196	22,239	449,001
Other Assets			301,049	1,108,463	2,008,628	1,283,574	1,833,715
Total Assets			4,840,683	10,286,740	10,828,618	11,964,858	14,711,040
Current Liabilities	Before Distribution		1,272,551	4,008,630	3,130,132	4,305,496	4,446,551
	After Distribution		1,507,482	4,726,883	4,170,754	5,346,251	5,496,565
Noncurrent Liabilities			149,860	509,068	490,985	70,959	1,022,493
Total Liabilities	Before Distribution		1,422,411	4,517,698	3,621,117	4,376,455	5,469,044
	After Distribution		1,657,342	5,235,951	4,661,739	5,417,210	6,519,058
Shareholder's Equity Attributable to Parent			3,386,078	5,723,886	7,133,075	7,500,036	8,116,427
Paid-in Capital			870,117	1,026,076	1,196,172	1,182,202	1,182,449
Capital Surplus			1,453,414	2,256,871	2,600,733	2,618,432	2,647,254
Retained Earnings	Before Distribution		1,197,690	2,613,710	3,757,296	4,183,328	4,687,858
	After Distribution		832,241	1,895,457	2,716,674	3,142,573	3,637,844
Other Equity Interests			(135,143)	(172,771)	(421,126)	(257,069)	(282,347)
Treasury Stock			—	—	—	(226,857)	(118,787)
Non-Controlling Interest			32,194	45,156	74,426	88,367	1,125,569
Total Equity	Before Distribution		3,418,272	5,769,042	7,207,501	7,588,403	9,241,996
	After Distribution		3,052,823	5,050,789	6,166,879	6,547,648	8,191,982

Data source: The Consolidated Financial Statements approved by the CPAs.

Note: The distribution of earnings for 2021 has been approved by the board of directors.

(2) Statements of Comprehensive Income

A. Statements of Comprehensive Income

a. Stand-Alone Statements of Comprehensive Income

Unit: NT\$1000

Item \ Year	Financial Information in the Recent 5 Years				
	2017	2018	2019	2020	2021
Operating Revenue	2,395,952	5,090,620	6,332,067	6,068,526	5,717,576
Gross Profit	638,065	1,201,081	2,246,892	2,500,657	2,546,278
Operating Profit	68,893	223,628	979,472	1,316,834	1,232,110
Non-Operating Income and Expenses	670,506	1,683,577	1,245,313	760,307	615,660
Pre-tax Income	739,399	1,907,205	2,224,785	2,077,141	1,847,770
Net Income for Continuing Operations	712,226	1,794,899	2,016,129	1,838,792	1,545,758
Loss from Discontinued Operations	—	—	—	—	—
Net Income	712,226	1,794,899	2,016,129	1,838,792	1,545,758
Other Comprehensive Profit and Loss (after Tax)	(22,264)	(65,140)	(157,363)	81,009	(37,586)
Comprehensive Income	689,962	1,729,759	1,858,766	1,919,801	1,508,172
Earnings per Share	8.23	17.79	17.02	15.69	13.17

Data source: The Financial Statements approved by the CPAs.

b. Consolidated Statements of Comprehensive Income

Unit: NT\$1000

Item \ Year	Financial Information in the Recent 5 Years				
	2017	2018	2019	2020	2021
Operating Revenue	4,072,168	8,098,414	9,566,132	8,223,851	8,580,103
Gross Profit	1,654,399	3,516,952	4,015,487	3,589,728	3,724,832
Operating Profit	879,450	2,036,923	2,202,317	2,017,805	1,729,857
Non-Operating Income and Expenses	11,041	169,614	202,914	180,416	279,594
Pre-tax Income	890,491	2,206,537	2,405,231	2,198,221	2,009,451
Net Income for Continuing Operations	720,824	1,807,379	2,037,966	1,852,738	1,616,001
Loss from discontinued operations	—	—	—	—	—
Net Income	720,824	1,807,379	2,037,966	1,852,738	1,616,001
Other Comprehensive Profit and Loss (after Tax)	(22,551)	(64,658)	(157,509)	81,004	(32,056)
Compressive Income	698,273	1,742,721	1,880,457	1,933,742	1,583,945
Profit Attributable to Owners of the Parent Company	712,226	1,794,899	2,016,129	1,838,792	1,545,758
Non-controlling interest	8,598	12,480	21,837	13,946	70,243
Shareholder's Equity Attributable to Parent Company	689,962	1,729,759	1,858,766	1,919,801	1,508,172
Non-controlling interest	8,311	12,962	21,691	13,941	75,773
Earnings per Share	8.23	17.79	17.02	15.69	13.17

Data source: The Consolidated Financial Statements approved by the CPAs.

(3) Independent auditors' names and their audit opinions for the past five years

A. Independent auditors' names and their audit opinions for the past five years

Year	Name of CPA Firm	Name of CPA	Auditor's Opinions
2017	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu, Kuo-Hua Wang	No Special Opinions
2018	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu, Kuo-Hua Wang	No Special Opinions
2019	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu, Kuo-Hua Wang	No Special Opinions
2020	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu, Ping-Chun Chih	No Special Opinions
2021	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu, Ping-Chun Chih	No Special Opinions

B. The reason for the change of accountants in the past five years: The certified accountants for the company's financial report were formerly Ming-Chuan Hsu and Kuo-Hua Wang from PricewaterhouseCoopers Taiwan. From the first quarter of 2020, to meet the needs of the firm's internal rotation, it was changed to Ming-Chuan Hsu and Ping-Chun Chih.

2. Financial Analysis within the Last 5 Years

(1) Financial Analysis within the Last 5 Years (in compliance with International Financial Reporting Standards, IFRSs)

A. Individual Financial Statements

Analysis Item		Year	Financial Analysis within the Last 5 Years				
		2017	2018	2019	2020	2021	
Financial Structure (%)	Liabilities to Assets Ratio	23.00	33.45	31.25	31.51	35.74	
	Long-term Fund to Property, Plant, and Equipment Ratio	262.61	399.66	401.63	251.35	268.84	
Liquidity (%)	Current Ratio	117.04	129.33	95.46	61.44	72.84	
	Quick Ratio	77.99	101.06	63.38	47.81	51.20	
	Interest Coverage Ratio	286.92	416.24	548.98	160.67	85.76	
Operating Performance	Accounts Receivable Turnover (Times)	9.55	8.53	8.25	8.02	6.57	
	Average Collection Days	38	43	44	46	56	
	Inventory Turnover (Times)	7.01	9.15	6.94	6.66	7.81	
	Accounts Payable Turnover (Times)	4.27	3.91	3.68	4.52	4.74	
	Average days Sales	52	40	53	55	47	
	Property, Plant, and Equipment (Times)	2.11	3.51	3.68	2.49	1.79	
	Total Asset Turnover (Times)	0.60	0.78	0.67	0.57	0.48	
Profitability	Return on Assets (%)	17.86	27.67	21.28	17.34	13.26	
	Return on Equity (%)	23.17	39.41	31.36	25.13	19.80	
	Ratio to paid-in capital (%)	Operating Profit	7.92	21.79	81.88	111.39	104.20
		Pretax Income	84.98	185.87	185.99	175.70	156.27
	Net Income Margin	29.73	35.26	31.84	30.30	27.04	
Earnings per Share (NT\$) (Note 1)	6.23	15.48	17.02	15.69	13.17		
Cash Flow	Cash Flow Ratio (%)	39.84	43.83	53.52	40.70	24.59	
	Cash Flow Adequacy Ratio(%)	41.99	63.05	65.08	69.34	65.45	
	Cash Flow Investment Ratio (%)	5.24	12.35	9.58	4.31	-1.75	
Leverage	Operating Leverage	2.52	2.47	1.17	1.30	1.13	
	Financial Leverage	1.04	1.02	1.00	1.01	1.02	

Explain the reasons for the changes in the financial ratios in the last two years:

1. Debt to asset ratio: Increase in low interest borrowings in response to expected increase in borrowing rates, raising the cash level.
2. Current ratio, quick ratio, cash flow ratio, turnover rate of receivables and average collection days: Mainly due to the increase in accounts receivable as a result of the increase in sales activities at the end of the period.
3. Interest coverage multiple: This is mainly due to the increase in finance costs as a result of the use of more bank loans during the period.
4. Inventory turnover rate and average sales days: Mainly due to proper control of inventory levels.
5. Property, plant and equipment turnover rate and total asset turnover rate: Mainly due to the decline in revenue for the year as a result of the pandemic.
6. Return on assets, return on equity, ratio of paid-in capital, net income, and earnings per share: Profitability for the year was lower than that of last year, mainly due to the decline in revenue as a result of the delayed sales activities due to the pandemic, but the chaotic global supply chain pushed up sea and air freight costs, resulting in a significant increase in selling expenses for the year.
7. Cash flow ratio and cash reinvestment ratio: The operating cash inflow was not as expected due to the prolonged pandemic and the poor profitability this year.

Data source: The Financial Statements approved by the CPAs.

B. Consolidated Financial Analysis

Analysis Item		Year	Financial Analysis within the Last 5 Years				
		2017	2018	2019	2020	2021	
Financial Structure (%)	Liabilities to Assets Ratio	29.38	43.92	33.44	36.58	37.18	
	Long-term Fund to Property, Plant, and Equipment Ratio	211.31	325.31	306.98	204.42	222.60	
Liquidity (%)	Current Ratio	222.47	180.30	201.28	161.30	175.80	
	Quick Ratio	180.48	142.01	157.92	142.16	149.57	
	Interest Coverage Ratio	339.72	464.27	484.56	162.96	86.23	
Operating Performance	Accounts Receivable Turnover (Times)	12.91	16.41	16.58	13.19	10.40	
	Average Collection Days	28	22	22	28	35	
	Inventory Turnover (Times)	5.45	5.18	4.64	5.35	6.33	
	Accounts Payable Turnover (Times)	5.47	4.33	4.37	5.46	6.03	
	Average days Sales	67	70	79	68	58	
	Property, Plant, and Equipment (Times)	2.74	4.49	4.33	2.65	2.06	
	Total Asset Turnover (Times)	0.93	1.07	0.91	0.72	0.64	
Profitability	Return on Assets (%)	16.54	23.95	19.34	16.35	12.26	
	Return on Equity (%)	23.25	39.35	31.41	25.04	19.20	
	Ratio to paid-in capital (%)	Operating Profit	101.07	198.52	184.11	170.68	146.29
		Pretax Income	102.34	215.05	201.08	185.94	169.94
	Net Income Margin	17.70	22.32	21.30	22.53	18.83	
Earnings per Share (NT\$) (Note 1)	6.23	15.48	17.02	15.69	13.17		
Cash Flow	Cash Flow Ratio (%)	79.81	87.56	46.82	62.64	35.53	
	Cash Flow Adequacy Ratio(%)	100.82	131.66	113.46	120.61	112.45	
	Cash Flow Investment Ratio (%)	22.17	48.46	9.04	19.45	5.15	
Leverage	Operating Leverage	1.18	1.12	1.14	1.19	1.30	
	Financial Leverage	1.00	1.00	1.00	1.01	1.01	
<p>Explain the reasons for the changes in the financial ratios in the last two years:</p> <ol style="list-style-type: none"> 1. Debt to asset ratio: Increase in low interest borrowings in response to expected increase in borrowing rates, raising the cash level. 2. Current ratio, quick ratio, cash flow ratio, turnover rate of receivables and average collection days: Mainly due to the increase in accounts receivable as a result of the increase in sales activities at the end of the period. 3. Interest coverage multiple: This is mainly due to the increase in finance costs as a result of the use of more bank loans during the period. 4. Inventory turnover rate, average sales days: The Group increased the proportion of local manufacturing and inventory of overseas subsidiaries in response to the short chain supply strategy. 5. Property, plant and equipment turnover rate and total asset turnover rate: Mainly due to the decline in revenue for the year as a result of the pandemic. 6. Return on assets, return on equity, ratio of paid-in capital, net income, and earnings per share: Profitability for the year was lower than that of last year, mainly due to the decline in revenue as a result of the delayed sales activities due to the pandemic, but the chaotic global supply chain pushed up sea and air freight costs, resulting in a significant increase in selling expenses for the year. 7. Cash flow ratio and cash reinvestment ratio: The operating cash inflow was not as expected due to the prolonged pandemic and the poor profitability this year. 							

Data source: The Consolidated Financial Statements approved by the CPAs.

Note 1: It is based on the weighted average number of foreign shares in the current year, and retrospectively adjusts the number of foreign shares in the previous year as the weighted average circulation of the treasury shares due to the surplus of capital increase and the holding of the company's shares.

Note 2: Formulas for the above tables:

1. Financial Structure

- (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets °
- (2) Long-term Fund to Property, Plant, and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Property, Plant, and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities °
- (2) Quick Ratio = (Current Assets – Inventory - Prepaid Expenses) / Current Liabilities °
- (3) Interest Coverage Ratio = Income before Interest and Taxes / Interest Expense

3. Operating Performance Analysis

- (1) Accounts Receivable Turnover (Times) = Net Revenue / Average Accounts Receivable
- (2) Average Collection Days = 365 / Accounts Receivable Turnover (Times) °
- (3) Inventory Turnover (Times) = Cost of Sales / Average Inventory
- (4) Accounts Payable Turnover = Cost of Sales / Average Account Payable
- (5) Average Days Sales = 365 / Inventory Turnover (Times)
- (6) Property, Plant, and Equipment Turnover(Times) = Net Revenue / Average Net Property, Plant, and Equipment
- (7) Total Asset Turnover = Net Revenue / Average Total Assets °

4. Profitability Analysis

- (1) Return on Assets = [Net Income + Interest × (1 - Tax Rate)] / Average Assets
- (2) Return on Equity = Net Income / Average Equity
- (3) Net Income Margin = Net Income / Net Revenue
- (4) Earnings per Share = (Shareholder's Equity Attributable to Parent Company - Preferred Stock Dividends) / Weighted Average Outstanding Shares (Note 4)

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Flow From Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the past 5 years / (Capital Expenditure + Increases in Inventory + Cash Dividends for the past 5 years)
- (3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Property, Plant, and Equipment + Long-term Investments + Current Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Revenue - Variable Operating Costs and Expenses) / Operating Profit
- (2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expense)

3. Audit Committee's Review Report for the most recent financial year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Financial Statements. The CPAs of PwC Taiwan, Ming-Chuan Hsu and Ping-Chun Chih, were retained to audit TCI's Financial Statements. The Business Report, Financial Statements, and earning allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TCI Co., Ltd. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
2022 Annual Shareholders' Meeting of TCI Co., Ltd.

TCI Co., Ltd.
Chairman of the Audit Committee:

Sung-Yuan Liao



March 22, 2022

- 4. Financial Statements of the most recent year:** Please refer to pages 163~253.

- 5. The consolidated financial statements of the parent and subsidiary audited by the CPA in the most recent year:** Please refer to pages 254~330.

- 6. Financial difficulties, if any, encountered by the Company and its affiliated companies in the most recent year and up to the publication of the annual report, and its impact on the Company's financial status:** None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Conditions

(1) Consolidated Balance Sheet Analysis

Unit : NT\$1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	7,817,191	6,944,855	872,336	13%
Financial Assets at Fair Value through Profit or Loss	48,895	25,848	23,047	89%
Available-for-sale Financial Assets	—	—	—	—
Property, Plant, and Equipment	4,611,133	3,714,190	896,943	24%
Intangible Assets	449,001	22,239	426,762	1919%
Other Assets	1,784,820	1,257,726	527,094	42%
Total Assets	14,711,040	11,964,858	2,746,182	23%
Current Liabilities	4,446,551	4,305,496	141,055	3%
Long-Term Liabilities	967,510	3,980	963,530	24209%
Other Liabilities	54,983	66,979	(11,996)	-18%
Total Liabilities	5,469,044	4,376,455	1,092,589	25%
Paid-in Capital	1,182,449	1,182,202	247	0%
Capital Surplus	2,647,254	2,618,432	28,822	1%
Legal Reserve	744,681	598,016	146,665	25%
Special Reserve	244,700	325,709	(81,009)	-25%
Retained Earnings	3,698,477	3,259,603	438,874	13%
Other Equity Interests	(282,347)	(257,069)	(25,278)	10%
Shareholder's Equity Attributable to Parent Company	8,116,427	7,500,036	616,391	8%
Total Equity	9,241,996	7,588,403	1,653,593	22%

Recently, the annual change has reached more than 20%, and the amount of change has reached NT\$10 million or more:

- (1) Financial assets measured at fair value through other comprehensive income or loss: the fair value of reinvested items increased as a result of good profitability.
- (2) Property, plant and equipment: As a result of the continuous expansion of production lines during the period.
- (3) Intangible assets: Mainly due to the difference between the consideration for the acquisition of the equity interest in Maxigen Biotech Inc. and the fair value of identifiable net assets, which was recorded as intangible assets.
- (4) Other assets: Mainly due to the repatriation of overseas funds under the "repatriation of funds to Taiwan" law and the increase of bank deposits with restricted use in the special account.
- (5) Long-term liabilities: Due to the expected increase in interest rates, we increased our long-term low interest loans to increase our cash position.
- (6) Statutory surplus: Due to the increase in net profit for the period.
- (7) Special reserve: Mainly due to the reversal of translation differences on the financial statements of foreign operating institutions in previous years by law.

Future Response Plan: The above changes have no significant impact on the Company.

2. Financial Performance

(1) Analysis of Financial Status

Unit: NT\$1,000

Item	Year		Increased or Decreased Amount	Changed Ratio (%)
	2021	2020		
Operating Revenue	8,580,103	8,223,851	356,252	4%
Operating Costs	(4,855,271)	(4,634,123)	(221,148)	5%
Gross Profit	3,724,832	3,589,728	135,104	4%
Operating Expenses	(1,994,975)	(1,571,923)	(423,052)	27%
Operating Income	1,729,857	2,017,805	(287,948)	-14%
Non-operating income	153,069	193,137	(40,078)	-21%
Other Gains and Losses	143,685	852	142,833	16764%
Financial Costs	(23,578)	(13,573)	(10,005)	74%
Non-Operating Income and Expenses	279,594	180,416	99,178	55%
Pre-tax Income	2,009,451	2,198,221	(188,770)	-9%
Income Tax Expenses	(393,450)	(345,483)	(47,967)	14%
Net Income	1,616,001	1,852,738	(236,737)	-13%

Recently, the annual change has reached more than 20%, and the amount of change has reached NT\$10 million or more:

- (1) Operating expenses: Mainly due to the increase in freight costs as a result of the global logistics affected by the pandemic.
- (2) Other income: The government subsidy was obtained for the project in the previous period, but there was no such income in the current period.
- (3) Other gains and losses: Mainly due to the acquisition of control over Maxigen Biotech Inc. in the current period and the recognition of the gain on the shares held by Maxigen Biotech Inc. before the acquisition of control.
- (4) Finance costs: Mainly due to the use of more borrowings in the current period.

(2) Expected sales volume and its basis, possible impact on the Company's future financial business and response plan

We are actively developing new immune products in response to the pandemic and are actively selling them worldwide. Based on the existing and future customers, and taking into consideration the new product development plan and the worldwide consumer demand, we will set the related operation target to ensure that our group's production capacity can match.

In addition to developing more effective and competitive raw materials, we are also developing digital printing to diversify our products. Plus, the Company has been actively expanding its business in Europe and the United States, and has also stepped up its efforts to explore the domestic market in China, which is expected to benefit from the economies of scale in the future and will significantly boost revenue and profitability.

Moreover, the Company will use financial leverage appropriately to reduce operating costs and build trust and reciprocity with banks to improve the performance of financial utilization.

3. Cash Flow

(1) Liquidity Analysis within the last 2 years

Unit: NT\$1,000

Item \ Year	2021	2020	Increased or Decreased Amount	Change (%)
Cash Inflow (Outflow) from Operating Activities	1,579,855	2,696,766	(1,116,911)	-41%
Cash Inflow (Outflow) from Investment Activities	(1,987,306)	(943,979)	(1,043,327)	111%
Cash Inflow (Outflow) from Financing Activities	237,297	(832,500)	1,069,797	-129%
Liquidity Analysis: (1) Cash Inflow from Operating Activities: Mainly due to the increase in accounts receivable, inventories, prepayments and income taxes and the decrease in contract liabilities during the period. (2) Cash outflow from investment activities: Mainly due to the increase in cash due to the limitation and the acquisition of equity interest in Maxigen Biotech Inc. in the current period. (3) Net cash outflow from financing activities: This is mainly due to the increase in long-term and short-term borrowings during the period.				

(2) Plans to Improve Negative Liquidity: None

(3) Cash flow analysis for the coming year

Cash Balance, Beginning of the Year	Forecast Net Cash Inflow from operating Activities	Forecast Net Cash Outflow from financial activities	Cash Balance, End of the Year	Forecast Cash Balance (Deficit)	Source of Funding for Negative Cash Balance	
					Investment Plan	Financing Plan
4,704,397	2,732,698	(925,773)	(988,793)	5,522,529	—	—
1. Analysis of changes in cash flow in the coming year: Business activity: Net cash inflow due to stable profit Investment activities: Mainly to purchase cash outflows from real estate, plant and equipment Fundraising activities: Mainly paying shareholders' cash dividends 2. Remedial measures and liquidity analysis for estimated cash shortfalls: Not applicable.						

4. The effect of major capital expenditure on finance in the most recent year: None.

5. Recent year's investment policy, the main reason for its profit or loss, improvement plan and investment plan for the next year

(1) Recent annual transfer policy

In response to the development of global customers, the company's reinvestment strategy is to expand overseas markets and dig into major countries to increase overseas revenue and market shares.

(2) The root causes for the profit/loss gained from the investment in the most recent year and the improvement plans

The transfer of investment income in 2021 was NT\$468,531,000, which was mainly due to the profit of overseas subsidiaries.

(3) Investment plan for the next year: None.

6. Risk Analysis and Evaluation

(1) Interest rates, exchange rates, and inflation, their impact on the Company's profit or loss, and future countermeasures.

A. Effect of interest rate changes

The financial costs of the Company for 2020 and 2021 were NT\$ 13,573,000 and NT\$ 23,578,000 respectively, accounting for 0.67% and 1.36% of the net operating profit, respectively; the Company has maintained good relations with banks to obtain preferential interest rates and is always available. The Company has been observing changes in the financial market interest rate and adjusting the use of funds in a timely manner, and the interest rate changes have not had a significant impact on the Company's profit and loss.

Unit : NT\$ 1,000

Item	2020	2021
Financial Cost	13,573	23,578
Operating Profit	2,017,805	1,729,857
Ratio between the Financial Cost and the Operating Profit	0.67%	1.36%

Data source: The 2021 Financial Statements approved by the CPAs

B. Effect of currency exchange rates

The Company's foreign currency exchange gains (losses) amounted to \$1,639 thousand and \$(5,111) thousand for 2020 and 2021, respectively, accounting for 0.02% and -0.06% of net operating revenues. In addition to the sales expenses of the same currency, the Company supports the purchase expenses and then achieves the natural hedging function. For those holding more foreign currency, it adopts the safe-haven measures for buying and selling forward foreign exchange, and pays close attention to the information on exchange rate fluctuations. Real-time understanding of exchange rate trends, timely adjustment of foreign currency assets and liabilities based on the global economy, exchange rate prices and future capital needs, in order to mitigate the impact of exchange rate fluctuations on the Company's revenue and profit.

Unit: NT\$1,000

Item	2020	2021
Net Exchange Loss/Profit	1,639	(5,111)
Operating Revenue	8,223,851	8,580,103
Ratio between the Net Exchange Loss/Profit and the Operating Revenue	0.02%	-0.06%

Data source: The 2021 Financial Statements approved by the CPAs

C. Effect of inflation

In recent years, due to the impact of rising global raw materials, the overall economic environment has shown a slight inflation trend, but the Company has not yet had a significant impact on profit and loss due to inflation. In addition to paying close attention to fluctuations in market prices and maintaining good interaction with customers and suppliers, the Company should appropriately adjust the price of products and the inventory of raw materials, which should effectively reduce the impact of inflation on the Company.

(2) Engage in the policies of high-risk, highly-leveraged investments, loaning of funds, endorsements and guarantees, and derivative transactions, the reasons for profit or loss, and the future countermeasures.

A. The Company has not engaged in high-risk and highly leveraged investments based on the principle of conservative and sound.

B. The Company's procedures for engaging in loans and others are handled in accordance with the "Measures for the Management of Funds and Others" set by the Company. The Company has not been able to lend money to others in the most recent year and up to the date of the annual report.

C. The Company's procedures for endorsement guarantees for others are handled in accordance with the "Endorsement Guarantee Management Measures" set by the Company.

D. The Company is engaged in the use of forward foreign exchange and option transactions for derivative financial products. If other commodities are required, they must be approved by the Board of Directors before they can be traded.

(3) Future R&D Plans and the Projected R&D Investment

The Company expects that the amount of R&D expenses will be gradually arranged according to the R&D unit's R&D new products and new technology development progress, in order to support future R&D plans; the Company's estimated R&D expenses are based on the Company's "Budget Management Measures" before the end of each year. The R&D unit estimates the scale of manpower requirements and the R&D plan, and estimates the estimated investment in R&D. In 2021, it is estimated to invest NT\$ 700,000,000 in R&D expenses. The main factors affecting the R&D project in the future are the research and development capabilities of the R&D team and the development and design of its own star products for the needs of customers. In the future, the Company will continue to cultivate excellent R&D talents and actively invest in R&D resources to respond to the changing market pulsations and improve its competitiveness.

(4) The impact of significant changes in domestic and foreign policies and law on the Company's financial operations and the countermeasures

The implementation of the Company's various businesses is handled in accordance with the laws and regulations of the competent authorities, and pay attention to the important policy development trends and regulatory changes at home and abroad, and provide management with timely reference as a strategy to fully grasp and respond to changes in the market environment. In the most recent year and the end of the annual report, the Company has not been affected by important policies and laws at home and abroad and has affected the financial business.

- (5) The impact of technological changes and industrial changes on the company's financial business and corresponding measures

The company always pays attention to the development and changes of industry-related technology, has an understanding of market trends, evaluates its impact on company operations, and invests considerable research and development funds and manpower to take measures such as developing new products, improving product quality, and reducing production costs. In the most recent year and as of the publication date of the annual report, the company has not been affected by technological changes and industrial changes that have affected its financial business.

- (6) The impact of changes in corporate image on the crisis management of the Company and the countermeasures

Since the establishment of the Company, the Company adheres to the business tenet of stable and honest, actively strengthens internal management and maintains harmonious labor relations, in order to establish a good corporate image, and after planning to develop into the capital market, it can absorb more talents to enter the Company's services. With the strength of the management team, it will be quite positive for the Company's image. In the most recent year and up to the date of publication of the annual report, there is no such thing as affecting the corporate image of the Company.

- (7) The expected benefit of initiating acquisition, the possible risks, and the countermeasures

The company publicly acquired Maxigen Biotech INC. in March 2021, integrating R&D energy, professional technology and sales channels and other resources of both parties for complementary benefits. In the future, TCI will focus on the biotechnology industry, including health care, medical materials, pharmaceuticals, pets, etc., with a focused diversification strategy, and seek like-minded partners in the United States, Japan and other parts of the world to build the future Taiwan Biotechnology Alliance to serve global customers.

- (8) The expected benefits of a plant expansion, the possible, and the countermeasures

Although the expansion of the plant has risks such as fundraising, technology acquisition, talent cultivation and market changes, the expansion of the Company's plant has undergone the evaluation process of complete, prudent and dedicated units, and has fully considered the investment recovery benefits and possible risks.

- (9) Risks faced by the centralized purchase or sales and the countermeasures

A. Risks faced by the centralized purchase and the countermeasures

The main purchase items of the Company are related raw materials of various health foods and skin care products. In the most recent year and up to the date of publication of the annual report, there is no concentration of the purchase of a single supplier. The Company maintains long-term good cooperative relations with various suppliers, and the source of supply is still stable. There is no shortage of production operations due to shortage of supply. In the future, with the continuous development of new products, the Company will gradually increase the source of supply to ensure the supply of capacity is innocent.

B. Risks faced by the centralized sales and the countermeasures

The Company's main sales target is the brand of well-known health food and skin care products at home and abroad. In the most recent year and up to the date of publication of the

annual report, there is no single customer's proportion of sales of goods. It is obvious that customers are still scattered, but the Company also continues to actively develop new customers, so the risk of sales of goods to the Company is limited.

- (10) The impact of the massive equity transfer or exchange by the directors, supervisors, or shareholders holding more than 10% shareholding on the Company, the risk, and the countermeasures: None.
- (11) The impact of the changes in the ownership on the Company, the risk, and the countermeasures: None.
- (12) Litigation and non-litigation events
- A. For litigation or non-litigation events, the closed or in-pending material litigation, non-litigation, or administrative contentious events in the most recent year and up to the publication of the annual report, which may have a significant impact on the shareholder's equity or security price, of the Company, the Company's directors, supervisors, President, responsible person, shareholders holding more than 10% shareholding, and the subsidiaries should be illustrated: None.
- B. The Company's directors, supervisors, general managers, substantive principals, major shareholders and subordinate companies with a shareholding ratio of more than 10%, and the most recent major lawsuits that have been determined or are still in the system, In the case of a non-litigation or administrative dispute, the result may have a significant impact on the shareholders' equity or the price of the securities. The facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings and the date of publication of the annual report shall be disclosed: None.
- (13) Other Important Risks and Countermeasures:

Information Security Risk Management (ISRI):

The Company has long been committed to the implementation of information security and personal data protection management, and has a clear and strict internal control system for internal construction, which specifies the clear division and implementation of the functions and responsibilities of the information management department.

Taking system program development as an example, detailed system development or program modification should be handled after approval by the competent authority, and the acceptance should be checked and signed by the relevant department. In the internal file permission section, all personnel are set according to the authority of each department. When the personnel change is confirmed, the information management department immediately changes its various rights; when leaving the Company, the information management department immediately cancels its various rights, and each person is required to 6 months need to change the password to improve the security control. The system and files operated by the Company have established a complete backup mechanism, and a detailed system recovery plan and backup system has been established. In addition, on the personal information equipment, in addition to the unified installation of antivirus software for prevention, the Company does not open the self-installation software. All software installations require the approval of the department head, and the information department evaluates the risk-free installation.

The Company adopts the best security technology for customer privacy and trade secret protection. TCI strictly abides by the client contract content and confidentiality commitments. The information, documents and materials related to customers and with trade secrets are uploaded to the authority control mechanism. The internal system is strictly regulated, and the account registration system must be used. The application can be accessed through the application and the documents are approved by the central department supervisor to enhance the confidentiality of customer information. In terms of trading behavior, all data transmission is based on the protection of 128-bit key encryption to ensure that the transaction information of both parties has no external doubts.

7. Other Important Items: None.

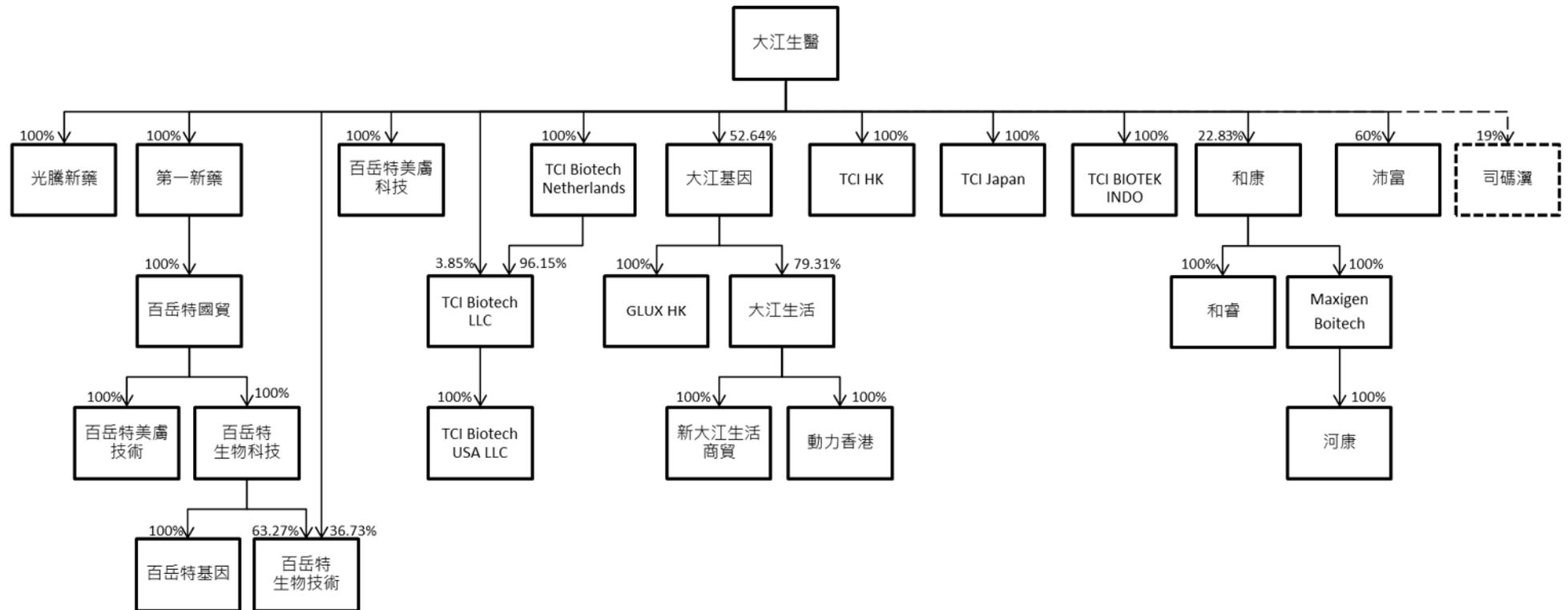
VIII. Annotations

1. Information of the Company's Affiliates

(1) Overview

A. Organizational Chart

May 1, 2022



B. Affiliates' Profile

May 1, 2022

Unit: NT\$ / RMB / US\$ / HKD

Name	Date of Establishment	Address	Paid-in Capital	Business Scope
TCI Firstek Corp.	2004/11/9	8F, No.187, Kang Chien Rd., Nei Hu Dist., Taipei 114, TAIWAN, R.O.C.	NT\$ 2,382,969,000	Wholesale and retail of health food and beauty products
BioTrade, Shanghai BioTech Group	2005/9/20	No.100 Yutong Road, Shanghai, China	US\$ 510,000	Wholesale of health food, cosmetics and chemical products; entrusted processing business of cosmetics
BioScience, Shanghai BioTech Group	2011/9/1	No.100 Yutong Road, Shanghai, China	RMB 6,000,000	Wholesale of health food, cosmetics and chemical products; entrusted processing business of cosmetics
Shanghai BioCosme Co., Ltd.	2012/12/12	District 2, No.9, Lane 285, Tiangong Road, Jinshan Industrial Zone, Shanghai, China	RMB 33,000,000	Cosmetics manufacturing
BioCosme, Shanghai BioTech Group	2018/7/31	10F, No.185, Kang Chien Rd., Nei Hu Dist., Taipei 114, TAIWAN, R.O.C.	NT\$5,000,000	Health food and beauty care trade
TCI Gene Inc.	2011/7/13	8F, No.189, Kang Chien Rd., Nei Hu Dist., Taipei 114, TAIWAN, R.O.C.	NT\$214,585,000	Biotechnology and genetic research and development
GLUX HK LIMITED	2013/1/15	Room 1607, East Beauty Center, 43 Queen's Road East, Wanchai, Hong Kong	US\$1,000,000	Health food and beauty care trade
TCI Living Co., Ltd.	2014/11/3	10F, No.185, Kang Chien Rd., Nei Hu Dist., Taipei 114, TAIWAN, R.O.C.	NT\$34,800,000	Health food and beauty care trade
SBI GROUP HK LIMITED	2016/1/18	UNIT 2305 APEC PLAZA 49 HOI YUEN RD KWUN TONG, HONG KONG	HKD1,400,000	Health food and beauty care trade
BioFunction, Shanghai BioTech Group	2012/5/22	District 24, Building 1, No.888 Yuegong Road, Jinshan Industrial Zone, Shanghai, China	RMB 256,447,000	Functional beverage manufacturing
BioGene Sanghai BioTech Group	2019/1/10	16th Floor, No.127, Guotong Road, Yangpu District, Shanghai	RMB 10,000,000	Biotechnology and genetic research and development
TCI HK LIMITED	2013/1/15	Room 1607, East Beauty Center, 43 Queen's Road East, Wanchai, Hong Kong, China	US\$ 700,000	Health food and beauty care trade
TCI BIOTECH LLC	2017/9/26	737 East 1180 South, American Fork, Utah, U.S.A.	US\$ 7,800,000	Health food and beauty care trade
PT TCI BIOTEK INDO	2018/9/13	GRAND SLIPI TOWER LANTAI 9 UNIT G, JIN. LETJEN S. PARMAN KAV. 22-24 RT 001 RW 004 KEL. PALMERAH KEC. PALMERAH KOTA ADMINISTRASI JAKARTA BARAT	(Note 1)	Health food and beauty care trade
TCI JAPAN CO., LTD.	2018/11/6	19F, Nakanoshima Sentoratutawa, 2-2-7 Nakanoshima Kita-ku, Osaka-shi, Osaka-fu 530-0005, Japan	JPY 55,000,000	Health food and beauty care trade

Name	Date of Establishment	Address	Paid-in Capital	Business Scope
TCI Biotech Netherlands B.V.	2019/11/22	Wilhelminakade 173, 3072AP Rotterdam	EUR 100,000; US\$7,500,000	Health food and beauty care trade
TCI LIVING Co., Ltd. (Shanghai)	2020/7/10	Room 406, No.1, Lane 285, Tiangong Road, Jinshan Industrial Zone, Shanghai, China	US\$100,000; RMB 1,295,000	Health food and beauty care trade
Quantum Biology Inc.	2020/11/23	1st Floor, No.500, Section 2, Diding Avenue, Zhongshan District, Taipei City, TAIWAN, R.O.C.	NT\$30,000,000	Biotechnological research and development and services
Maxigen Biotech Inc.	1998/12/03	No.88, Keji 1st Rd., Guishan Dist., Taoyuan City 33383, Taiwan (R.O.C.)	NT\$769,992,000	Wholesale of nutritional products and research, development, production and sales of biological products
Maxigen Biotech International Investment Corporation Limited	2001/11/6	Vistra Corporate Service Centre, Ground Floor NPF Building, Beach Road, Apid, SAMOA.	US\$ 2,230,000	Investment
Maxigen Biotech Inc. (Shanghai)	2007/8/27	Room 801-6, 8F, No.100, Yutong Road, Jing'an District, Shanghai	US\$ 1,800,000	Trading of cosmetics and beauty care products
HORAY INC.	2017/7/13	2F., No.88, Keji 1st Rd., Guishan Dist., Taoyuan City 33383, Taiwan (R.O.C.)	NT\$5,000,000	Trading of cosmetics and beauty care products
TCI BIOTECH USA LLC	2021/9/15	737 East 1180 South, American Fork, Utah, U.S.A.	NT\$30,000,000	Health food production
PETFOOD Biotechnology Co., Ltd.	2021/12/16	7F-1, No. 500, Sec. 2, Diding Avenue, Zhongshan District, Taipei City, TAIWAN, R.O.C.	NT\$30,000,000	Production and sales of pet food and supplies

C. The same shareholder information of those who are presumed to have control and subordination: no such situation.

D. Industries covered by the overall business operations of the enterprise

The industries operated by the Company and its affiliated companies are mainly OEM of health food and maintenance products, and some of the affiliated companies are involved in genetic testing and their own brand of household products. In general, related companies support each other's production capacity, technology and services to create maximum synergy.

E. Affiliated Company's Director, Supervisor, and President

May 1, 2022

Name	Title	Person or Representative	Shareholding	
			Share	%
TCI Firsttek Corp.	Chairman-cum-General Manager	Yung-Hsiang Lin	0	0.00%
	Director	Yi-Chun Liu	0	0.00%
	Director	Hsiu-Wei Lin	0	0.00%
	Supervisor	Chen-Chen Fu	0	0.00%
BioTrade, Shanghai BioTech Group	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Yung-Hao Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
BioScience, Shanghai BioTech Group	Executive Director-cum-General Manager	Yung-Hsiang Lin	0	0.00%
	Supervisor	Yi-Chun Liu	0	0.00%
Shanghai BioCosme Co., Ltd.	Executive Director	Yung-Hao Lin	0	0.00%
	Supervisor	Yi-Chun Liu	0	0.00%
BioGene, Shanghai BioTech Group	Executive Director	Yung-Hsiang Lin	0	0.00%
	Supervisor	Yi-Chun Liu	0	0.00%
TCI Gene Inc.	Chairman	Yung-Hsiang Lin	2,450,828	11.42%
	Director and General Manager	Chen-Chen Fu	300,000	1.39%
	Director	Sung-Yuan Chen	100,000	0.47%
	Director	Ching-Ting Chen	50,000	0.23%
	Independent Director	Shui-Yung Lin	0	0.00%
	Independent Director	Wei-Hsin Sun	0	0.00%
	Independent Director	Ko-Ying Chang	0	0.00%
BioFunction, Shanghai BioTech Group	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Yung-Hao Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
	Supervisor	Yi-Chun Liu	0	0.00%
BioCosme, Shanghai BioTech Group	Chairman and General Manager	Yung-Hsiang Lin	0	0.00%
	Director	Yung-Hao Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
	Supervisor	Yi-Chun Liu	0	0.00%
TCI Living Co., Ltd.	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Jui-han Chang	0	0.00%
	Director	Yen-jen Chen	0	0.00%
	Supervisor	Chen-Chen Fu	0	0.00%
GLUX HK LIMITED	Director	Yung-Hsiang Lin	0	0.00%
TCI HK LIMITED	Director	Yung-Hsiang Lin	0	0.00%
TCI JAPAN CO., LTD.	Director	Yung-Hsiang Lin	0	0.00%
TCI Biotech Netherlands B.V.	Director	Yung-Hsiang Lin	0	0.00%
PT TCI BIOTEK INDO	Director	Cheng-Hsien Chiang	0	0.00%

Name	Title	Person or Representative	Shareholding	
			Share	%
TCI BIOTECH LLC	Director	Yung-Hsiang Lin	0	0.00%
TCI BIOTECH USA LLC	Director	Yung-Hsiang Lin	0	0.00%
TCI LIVING Co., Ltd. (Shanghai)	Director	Yung-Hsiang Lin	0	0.00%
Quantum Biology Inc.	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Chiao-Ling Li	0	0.00%
	Director	Tung-Wei Li	0	0.00%
	Supervisor	Chen-Chen Fu	0	0.00%
Maxigen Biotech Inc.	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Hsiu-Yuan Li	0	0.00%
	Director	Ching-Ting Chen	0	0.00%
	Director	Chen-Chen Fu	0	0.00%
	Independent Director	Sung-Yuan Liao	0	0.00%
	Independent Director	Shih-Ming Li	0	0.00%
	Independent Director	Chung-Ming Tseng	0	0.00%
Maxigen Biotech International Investment Corporation Limited	Director	Sung-Ching Chen	0	0.00%
Dingshi Trade (Shanghai) Co., Ltd.	Director	Yung-Hsiang Lin	0	0.00%
HORAY INC.	Director	Yung-Hsiang Lin	0	0.00%

F. Affiliated Company's Operating Results

December 31, 2021

Unit: NT\$ 1,000

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Profit and loss for the period (after tax)	Earnings per share (after tax)
TCI Firstek Corp.	2,382,969	3,564,248	28,687	3,535,561	-	(255)	267,540	1.0
BioTrade, Shanghai BioTech Group	15,111	3,843,923	283,088	3,560,835	1,249,105	61,478	267,834	Note 2
BioScience, Shanghai BioTech Group	25,146	3,368,088	34,322	3,333,766	12,475	(10,239)	287,356	Note 2
Shanghai BioCosme Co., Ltd.	138,303	169,874	13,026	156,848	117,160	(23,033)	(27,970)	Note 2
TCI Gene Inc.	214,585	560,313	169,435	390,878	432,218	113,250	92,143	4.84
BioFunction, Shanghai BioTech Group	1,133,694	4,072,554	2,258,088	1,814,466	3,451,932	391,376	453,397	Note 2
TCI HK LIMITED	20,741	36,320	31,706	4,614	42,242	(8,792)	(8,644)	Note 2
GLUX HK LIMITED	29,630	1,129	688	441	-	-	11	Note 2
TCI BIOTECH LLC	223,275	570,869	440,563	130,306	1,526,938	(9,495)	(20,214)	Note 2
BioCosme, Shanghai BioTech Group	5,000	5,007	-	5,007	-	-	1	-
BioGene Sanghai BioTech Group	41,910	44,777	47	44,730	-	(1)	46	Note 2
TCI JAPAN CO., LTD.	15,131	75,261	56,481	18,780	45,553	(2,742)	(4,321)	Note 2
PT TCI BIOTEK INDO	Note 1	44,747	5,127	39,620	-	(6,081)	(6,081)	Note 2
TCI Biotech Netherlands B.V.	141,902	148,414	32,129	116,285	61,699	(7,083)	(28,023)	Note 2
TCI Living Co., Ltd.	34,800	120,779	69,182	51,597	113,835	3,084	(1,485)	(0.43)
SBI GROUP HK LIMITED	5,352	4,681	989	3,692	-	(14)	(14)	Note 2
TCI LIVING Co., Ltd. (Shanghai)	8,565	5,583	272	5,311	361	(2,969)	(2,881)	Note 2
Quantum Biology Inc.	30,000	17,291	4,486	12,804	-	(14,044)	(14,037)	(4.7)
Maxigen Biotech Inc.	769,992	1,268,903	127,185	1,141,718	511,304	90,161	87,667	1.21
Maxigen Biotech International Investment Corporation Limited	72,276	(4,722)	0	(4,722)	0	0	(1,226)	(0.02)
Dingshi Trade (Shanghai) Co., Ltd.	58,339	6,241	10,962	(4,721)	0	(544)	(1,226)	Note 2
HORAY INC.	5,000	10,195	1,699	8,496	672	296	(59)	(0.12)
TCI BIOTECH USA LLC	214,688	288,382	160,093	128,289	53,803	(10,234)	(10,227)	Note 2
PETFOOD Biotechnology Co., Ltd.	30,000	30,001	-	30,001	-	-	1	0.0

Note 1: As of December 31, 2021, no capital has been invested.

Note 2: It is a limited company, so it is not applicable.

- (2) Business report of merger of related companies: Not applicable.
- (3) Affiliated company consolidated financial statements: The companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent company and subsidiary companies.
- (4) Affiliation reports: Not applicable

2. The status of issuing private placement securities in the most recent year and up to the publication of the annual report: None.

3. Acquisition or disposal of the Company's stock shares by subsidiaries in the most recent year and up to the publication of the annual report: None.

4. Other necessary supplementary notes: None.

IX. The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act and had significant impact on shareholders' equity or securities prices in the most recent year and up to the publication of the annual report: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Existence and occurrence of top ten customers

Description

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

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

Please refer to Note 4(32) for accounting policies on revenue recognition and Note 6(24) for details of sales revenue.

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of TCI CO., LTD. as at and for the years ended December 31, 2021 and 2020.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Hsu, Ming-Chuan Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2022

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

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

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,704,397	32	\$ 4,856,361	41
1110	Financial assets at fair value through profit or loss - current	6(2)	131,266	1	135,402	1
1136	Current financial assets at amortised cost	6(4) and 8	682,472	5	395,803	3
1150	Notes receivable, net	6(5)	61,663	-	15,669	-
1170	Accounts receivable, net	6(5)	947,234	6	619,844	5
1180	Accounts receivable - related parties	7	3,026	-	2,605	-
1200	Other receivables		49,983	-	56,952	1
1220	Current income tax assets	6(31)	-	-	2,281	-
130X	Inventories	6(6)	885,657	6	649,244	5
1410	Prepayments	6(7)	280,697	2	174,754	2
1470	Other current assets		70,796	1	35,940	-
11XX	Total current assets		<u>7,817,191</u>	<u>53</u>	<u>6,944,855</u>	<u>58</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	48,895	-	25,848	-
1535	Non-current financial assets at amortised cost	6(4)	774,684	5	-	-
1550	Investments accounted for using equity method	6(8)	2,396	-	1,900	-
1600	Property, plant and equipment	6(9)	4,611,133	32	3,714,190	31
1755	Right-of-use assets	6(10)	100,984	1	113,026	1
1760	Investment property, net	6(11)	8,859	-	-	-
1780	Intangible assets	6(12)	449,001	3	22,239	-
1840	Deferred income tax assets	6(30)	29,289	-	59,758	1
1900	Other non-current assets	6(13) and 8	868,608	6	1,083,042	9
15XX	Total non-current assets		<u>6,893,849</u>	<u>47</u>	<u>5,020,003</u>	<u>42</u>
1XXX	Total assets		<u>\$ 14,711,040</u>	<u>100</u>	<u>\$ 11,964,858</u>	<u>100</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	\$ 1,448,238	10	\$ 1,076,334	9
2130	Current contract liabilities	6(24)	491,139	3	653,708	5
2150	Notes payable		2,985	-	1,944	-
2170	Accounts payable		857,019	6	728,508	6
2180	Accounts payable - related parties	7	7,362	-	12,309	-
2200	Other payables	6(15)	1,007,686	7	855,157	7
2220	Other payables - related parties	7	8	-	-	-
2230	Current income tax liabilities	6(31)	496,580	3	456,175	4
2280	Current lease liabilities		36,932	-	30,635	-
2320	Long-term liabilities, current portion	6(16)	-	-	434,268	4
2399	Other current liabilities, others		98,602	1	56,458	1
21XX	Total current liabilities		<u>4,446,551</u>	<u>30</u>	<u>4,305,496</u>	<u>36</u>
	Non-current liabilities					
2540	Long-term borrowings	6(18)	967,510	7	3,980	-
2570	Deferred income tax liabilities	6(31)	5,183	-	441	-
2580	Non-current lease liabilities		37,898	-	54,666	1
2600	Other non-current liabilities		11,902	-	11,872	-
25XX	Total non-current liabilities		<u>1,022,493</u>	<u>7</u>	<u>70,959</u>	<u>1</u>
2XXX	Total liabilities		<u>5,469,044</u>	<u>37</u>	<u>4,376,455</u>	<u>37</u>
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Share capital - common stock		1,182,449	8	1,182,202	10
	Capital surplus	6(21)				
3200	Capital surplus		2,647,254	18	2,618,432	21
	Retained earnings	6(22)				
3310	Legal reserve		744,681	5	598,016	5
3320	Special reserve		244,700	2	325,709	3
3350	Unappropriated retained earnings		3,698,477	25	3,259,603	27
	Other equity interest	6(23)				
3400	Other equity interest		(282,347)	(2)	(257,069)	(2)
3500	Treasury shares	6(20)	(118,787)	(1)	(226,857)	(2)
31XX	Equity attributable to owners of the parent		<u>8,116,427</u>	<u>55</u>	<u>7,500,036</u>	<u>62</u>
36XX	Non-controlling interest		<u>1,125,569</u>	<u>8</u>	<u>88,367</u>	<u>1</u>
3XXX	Total equity		<u>9,241,996</u>	<u>63</u>	<u>7,588,403</u>	<u>63</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 14,711,040</u>	<u>100</u>	<u>\$ 11,964,858</u>	<u>100</u>

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

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24)	\$ 8,580,103	100	\$ 8,223,851	100
5000	Operating costs	6(6)(17)(29)(30)	(4,855,271)	(57)	(4,634,123)	(56)
5900	Net operating margin		<u>3,724,832</u>	<u>43</u>	<u>3,589,728</u>	<u>44</u>
	Operating expenses	6(6)(9)(10)				
6100	Selling expenses		(840,033)	(10)	(504,761)	(6)
6200	General and administrative expenses		(589,206)	(7)	(591,352)	(7)
6300	Research and development expenses		(572,395)	(6)	(497,208)	(6)
6450	Expected credit impairment loss		<u>6,659</u>	-	<u>21,398</u>	-
6000	Total operating expenses		(<u>1,994,975</u>)	(<u>23</u>)	(<u>1,571,923</u>)	(<u>19</u>)
6900	Operating profit		<u>1,729,857</u>	<u>20</u>	<u>2,017,805</u>	<u>25</u>
	Non-operating income and expenses					
7100	Interest income	6(25)	79,986	1	74,914	1
7010	Other income	6(26)	73,465	1	118,223	1
7020	Other gains and losses	6(27)	143,685	2	852	-
7050	Finance costs	6(28)	(23,578)	-	(13,573)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(8)	<u>6,036</u>	-	<u>-</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>279,594</u>	<u>4</u>	<u>180,416</u>	<u>2</u>
7900	Profit before income tax		<u>2,009,451</u>	<u>24</u>	<u>2,198,221</u>	<u>27</u>
7950	Income tax expense	6(31)	(<u>393,450</u>)	(<u>5</u>)	(<u>345,483</u>)	(<u>4</u>)
8200	Profit for the year		<u>\$ 1,616,001</u>	<u>19</u>	<u>\$ 1,852,738</u>	<u>23</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive (loss) income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	\$ 269	-	\$ -	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	17,880	-	-	-
Other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	(50,205)	(1)	81,004	1
8300	Total other comprehensive (loss) income for the year	<u>(\$ 32,056)</u>	<u>(1)</u>	<u>\$ 81,004</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 1,583,945</u>	<u>18</u>	<u>\$ 1,933,742</u>	<u>24</u>
Profit attributable to:					
8610	Owners of the parent	\$ 1,545,758	18	\$ 1,838,792	23
8620	Non-controlling interest	70,243	1	13,946	-
		<u>\$ 1,616,001</u>	<u>19</u>	<u>\$ 1,852,738</u>	<u>23</u>
Comprehensive income attributable to:					
8710	Owners of the parent	\$ 1,508,172	17	\$ 1,919,801	24
8720	Non-controlling interest	75,773	1	13,941	-
		<u>\$ 1,583,945</u>	<u>18</u>	<u>\$ 1,933,742</u>	<u>24</u>
Basic earnings per share (In dollars)					
9750	Basic earnings per share	<u>\$ 13.17</u>		<u>\$ 15.69</u>	
9850	Diluted earnings per share	<u>\$ 13.09</u>		<u>\$ 15.37</u>	

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

TCICO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
	Notes	Retained Earnings					Other equity interest			Treasury shares	Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others				
For the year ended December 31, 2020													
Balance at January 1, 2020		\$ 1,196,172	\$ 2,600,733	\$ 396,403	\$ 168,346	\$ 3,192,547	(\$ 314,133)	(\$ 11,576)	(\$ 95,417)	\$ -	\$ 7,133,075	\$ 74,426	\$ 7,207,501
Profit for the year		-	-	-	-	1,838,792	-	-	-	-	1,838,792	13,946	1,852,738
Other comprehensive income (loss) for the year	6(23)	-	-	-	-	-	81,009	-	-	-	81,009	(5)	81,004
Total comprehensive income	6(21)	-	-	-	-	1,838,792	81,009	-	-	-	1,919,801	13,941	1,933,742
Appropriations of 2019 earnings													
Legal reserve		-	-	201,613	-	(201,613)	-	-	-	-	-	-	-
Special reserve		-	-	-	157,363	(157,363)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,040,622)	-	-	-	(1,040,622)	-	(1,040,622)	
Exercise of employee stock purchase plans		6,250	29,856	-	-	-	-	-	-	-	36,106	-	36,106
Share-based payments	6(19)(23)	-	33,743	-	-	-	-	-	83,048	-	116,791	-	116,791
Proceeds from capital reduction of restricted stocks to employees		(220)	-	-	-	-	-	-	-	(220)	-	(220)	
Purchase of treasury shares	6(20)	-	-	-	-	-	-	-	-	(664,895)	(664,895)	(664,895)	
Retirement of treasury shares		(20,000)	(45,900)	-	-	(372,138)	-	-	-	438,038	-	-	
Balance at December 31, 2020		\$ 1,182,202	\$ 2,618,432	\$ 598,016	\$ 325,709	\$ 3,259,603	(\$ 233,124)	(\$ 11,576)	(\$ 12,369)	(\$ 226,857)	\$ 7,500,036	\$ 88,367	\$ 7,588,403

(Continued)

TCICO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest			Treasury shares	Total	Non-controlling interest	Total equity	
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others					
For the year ended December 31, 2021													
		\$ 1,182,202	\$ 2,618,432	\$ 598,016	\$ 325,709	\$ 3,259,603	(\$ 233,124)	(\$ 11,576)	(\$ 12,369)	(\$ 226,857)	\$ 7,500,036	\$ 88,367	\$ 7,588,403
		-	-	-	-	1,545,758	-	-	-	-	1,545,758	70,243	1,616,001
		-	-	-	-	61	(50,205)	12,558	-	-	(37,586)	5,530	(32,056)
		-	-	-	-	1,545,819	(50,205)	12,558	-	-	1,508,172	75,773	1,583,945
Appropriations of 2020 earnings													
		-	-	146,665	-	(146,665)	-	-	-	-	-	-	-
		-	-	-	(81,009)	81,009	-	-	-	-	-	-	-
		-	-	-	-	(1,040,756)	-	-	-	-	(1,040,756)	-	(1,040,756)
		280	1,367	-	-	-	-	-	-	-	1,647	-	1,647
		(40)	-	-	-	-	-	-	-	-	(40)	-	(40)
		7	193	-	-	-	-	-	-	-	200	-	200
		-	18,385	-	-	-	-	-	12,369	-	30,754	-	30,754
		-	8,243	-	-	-	-	-	-	-	8,243	-	8,243
		-	-	-	-	-	-	-	-	-	-	960,896	960,896
		-	366	-	-	-	-	-	-	-	366	-	366
		-	268	-	-	-	-	-	-	108,070	108,338	-	108,338
		-	-	-	-	(533)	-	-	-	-	(533)	533	-
		-	-	-	-	-	-	-	-	-	-	\$	-
		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	\$ -	(\$ 118,787)	\$ 8,116,427	1,125,569	\$ 9,241,996

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

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,009,451	\$ 2,198,221
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(11)(29)	451,088	320,315
Amortisation	6(29)	12,045	16,908
Expected credit impairment loss	12(2)	(6,659)	(21,398)
Net gain on financial assets at fair value through profit or loss	6(2)(27)	(37,552)	(509)
Gain on disposal of property, plant and equipment	6(27)	5,060	222
Gain on disposal of investments	6(27)	(116,877)	-
Interest income	6(25)	(79,986)	74,914
Dividend income	6(26)	(3,546)	149
Interest expense	6(28)	23,578	13,573
Compensation cost arising from employee stock options	6(19)(30)	46,261	116,791
Gains arising from lease modifications	6(10)(27)	(44)	(42)
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(6,036)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(11,305)	(9,829)
Accounts receivable		(249,410)	3,107
Accounts receivable - related parties		9,165	(995)
Other receivables		20,668	(38,452)
Inventories		(138,527)	435,079
Prepayments		(93,715)	98,312
Other current assets		(30,177)	(5,968)
Changes in operating liabilities			
Contract liabilities - current		(169,676)	73,919
Notes payable		1,041	(1,171)
Accounts payable		84,677	(192,361)
Accounts payable - related parties		(4,947)	(16,969)
Other payables		87,598	(147,374)
Other payables - related parties		8	-
Other current liabilities		41,935	19,387
Cash inflow generated from operations		1,844,118	2,785,703
Interest received		79,986	74,914
Dividends received		3,546	149
Interest paid		(21,467)	(9,557)
Income tax paid		(326,328)	(154,443)
Net cash flows from operating activities		<u>1,579,855</u>	<u>2,696,766</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value through other comprehensive income		(\$ 2,335)	\$ -
Acquisition of property, plant and equipment	6(34)	(184,379)	(119,394)
Proceeds from disposal of property, plant and equipment		10,384	416
Decrease (increase) in refundable deposits	6(13)	47	(5,389)
Acquisition of intangible assets		(3,717)	(7,948)
Decrease (increase) in other non-current assets		3,000	(15,004)
Acquisition of financial assets at fair value through profit or loss		(124,789)	(134,893)
Proceeds from disposal of financial assets at fair value through profit or loss		6,113	-
(Increase) decrease in financial assets at amortised cost		(1,020,566)	37,687
Increase in prepayments for purchase of equipment		(508,955)	(697,554)
Net cash outflow on acquisitions of subsidiaries	6(33)	(162,109)	-
Increase in investment accounted for using equity method		-	(1,900)
Net cash flows used in investing activities		(1,987,306)	(943,979)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		4,795,121	3,987,970
Repayments of short-term borrowings		(4,423,217)	(3,115,909)
Repayment of bonds		(435,200)	-
Proceeds from long-term borrowings		963,530	3,980
Lease liabilities paid	6(10)	(39,693)	(39,104)
(Decrease) increase in guarantee deposits		(89)	194
Cash dividends paid		(1,040,756)	(1,040,622)
Employee stock options exercised		1,647	36,106
Unvested redeemed stocks from restricted stocks to employees	6(20)	(40)	(220)
Payments due to disgorgement		366	-
Payments to acquire treasury shares	6(20)	-	(664,895)
Treasury stock transferred to employees		108,338	-
Proceeds from capital increase of non-controlling interests		307,290	-
Net cash flows from (used in) financing activities		237,297	(832,500)
Effects due to changes in exchange rate		18,190	87,880
Net (decrease) increase in cash and cash equivalents		(151,964)	1,008,167
Cash and cash equivalents at beginning of year	6(1)	4,856,361	3,848,194
Cash and cash equivalents at end of year	6(1)	\$ 4,704,397	\$ 4,856,361

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

TCI CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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 authorised for issuance by the Board of Directors on March 22, 2022 .

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

(3) Basis of consolidation

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	52.64	61.19	Note 1
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	36.73	36.73	Note 1
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO., LTD.	Trading health foods for pets	100	-	Note 4
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	Note 2
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	Note 2
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	Note 3
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	63.27	63.27	Note 1
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	Note 2
TCI LIVING CO., LTD.	BIO DYNAMIC LABORATORIES INC.	Trading health foods and cosmetics	100	100	Note 3 Note 7
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	100	100	Note 3
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	Note 1
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	Note 1 Note 8
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	Note 1
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	Note 3 Note 5
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	Note 1 Note 6
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	5.66	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
TCI BIOTECH LLC.	TCI BIOTECH USA LLC.	Trading health foods and cosmetics	100	-	Note 1 Note 4
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	Trading health foods and cosmetics	94.34	-	Note 1
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Research and development, producing and sales of biotechnology and cosmetics	22.83	-	Note 9
MAXIGEN BIOTECH INC.	Maxigen Boitech International Investment Corporation Limited	Reinvestment business	100	-	Note 9
MAXIGEN BIOTECH INC.	HORAY INC.	Trading cosmetics and packaging materials	100	-	Note 9
Maxigen Boitech International Investment Corporation Limited	Pinestone Trading (Shanghai) Co.,Ltd.	Trading cosmetics and packaging materials	100	-	Note 9

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

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

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

Note 4: A subsidiary newly established in the current year.

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

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

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

Note 8: There was no capital injection as of December 31, 2021.

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

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

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

E. Significant restrictions:

Cash and short-term deposits of \$3,019,757 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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

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

Name of subsidiary	Principal place of business	Non-controlling interests			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 132,723	47.36	\$ 80,687	38.81
MAXIGEN BIOTECH INC. (Note)	Taiwan	\$ 992,846	77.17	\$ -	-

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

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

Summarised financial information of the subsidiaries:

Balance sheets

	GENE & NEXT INC.	
	December 31, 2021	December 31, 2020
Current assets	\$ 486,275	\$ 259,503
Non-current assets	74,038	55,827
Current liabilities	(162,380)	(99,250)
Non-current liabilities	(55)	(99,745)
Total net assets	<u>\$ 397,878</u>	<u>\$ 116,335</u>
	MAXIGEN BIOTECH INC.	
	December 31, 2021	December 31, 2020
Current assets	\$ 783,553	\$ -
Non-current assets	481,631	-
Current liabilities	(116,068)	-
Non-current liabilities	(7,398)	-
Total net assets	<u>\$ 1,141,718</u>	<u>\$ -</u>

Statements of comprehensive income

	GENE & NEXT INC.	
	Years ended December 31,	
	2021	2020
Revenue	\$ 432,218	\$ 192,947
Profit before income tax	116,436	47,961
Income tax expense	(24,293)	(12,142)
Profit for the period	92,143	35,819
Other comprehensive gain (loss), net of tax	15,949	(14)
Total comprehensive income for the period	<u>\$ 108,092</u>	<u>\$ 35,805</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 36,184</u>	<u>\$ 73</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	MAXIGEN BIOTECH INC.	
	Years ended December 31,	
	2021	2020
Revenue	\$ 511,976	\$ -
Profit before income tax	97,466	-
Income tax expense	(9,799)	-
Profit for the period	87,667	-
Other comprehensive income, net of tax	\$ 293	\$ -
Total comprehensive income	<u>\$ 87,960</u>	<u>\$ -</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 34,148</u>	<u>\$ -</u>
Dividends paid to non-controlling interest	<u>\$ 43,420</u>	<u>\$ -</u>

Statements of cash flows

	GENE & NEXT INC.	
	Years ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 119,184	\$ 54,637
Net cash provided by (used in) investing activities	(26,952)	28,929
Net cash provided by financing activities	54,611	-
Effect of exchange rate changes on cash and cash equivalents	1,778	105
Increase in cash and cash equivalents	148,621	83,671
Cash and cash equivalents at beginning of period	177,566	151,753
Cash and cash equivalents at end of period	<u>\$ 326,187</u>	<u>\$ 177,566</u>
	MAXIGEN BIOTECH INC.	
	Years ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 117,593	\$ -
Net cash flows used in investing activities	(2,775)	-
Net cash provided by financing activities	188,691	-
Effect of exchange rate changes on cash and cash equivalents	34	-
Increase in cash and cash equivalents	303,543	-
Cash and cash equivalents at beginning of period	209,762	-
Cash and cash equivalents at end of period	<u>\$ 513,305</u>	<u>\$ -</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

B. Translation of foreign operations

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

(5) Classification of current and non-current items

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

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

(6) Cash equivalents

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

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

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

(15) Investments accounted for using equity method / associates

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

associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

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

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

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

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

(18) Investment property

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

(19) Intangible assets

A. Trademarks and royalties

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

B. Computer software

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

C. Goodwill

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

(20) Impairment of non-financial assets

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

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

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

(22) Notes and accounts payable

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

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

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

(24) Convertible bonds payable

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

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

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

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

C. Termination benefits

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

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

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

(28) Employee share-based payment

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

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments

granted at the grant date, and are recognised as compensation cost over the vesting period.

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

(29) Income tax

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

will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Share capital

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

(31) Dividends

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

(32) Revenue recognition

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

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

C. Service revenue

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

D. Rental revenue

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

(33) Government grants

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

(34) Business combinations

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

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

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for

allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such 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

(3) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 7,619	\$ 7,731
Checking accounts and demand deposits	2,886,847	4,790,386
Time deposits	<u>3,267,087</u>	<u>455,047</u>
	6,161,553	5,253,164
Less: Shown as 'current financial assets at amortised cost'	(681,972)	(235,850)
Less: Shown as 'current financial assets at amortised cost - pledged'	(500)	(159,953)
Less: Shown as 'non-current financial assets at amortised cost - pledged'	(774,684)	-
Less: Shown as 'other non-current assets - pledged'	<u>-</u>	<u>(1,000)</u>
	<u>\$ 4,704,397</u>	<u>\$ 4,856,361</u>

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

B. As of December 31, 2021 and 2020, the Group recognised time deposits with maturity over 3 months of \$682,472 and \$395,803, respectively, and shown as 'current financial assets at amortised cost'.

C. As of December 31, 2021, the bank deposits amounting to \$774,684, 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.

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

Items	December 31, 2021	December 31, 2020
Financial assets - current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 144,125	\$ 134,893
Valuation adjustment	(12,859)	509
	<u>\$ 131,266</u>	<u>\$ 135,402</u>

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

B. The Group has recognised net (losses) gains on investment of equity instrument amounting to \$37,552 and \$509 for the years ended December 31, 2021 and 2020, respectively.

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

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed stocks	\$ 12,604	\$ 12,604
Unlisted stocks	27,054	24,820
	39,658	37,424
Valuation adjustment	9,237	(11,576)
	<u>\$ 48,895</u>	<u>\$ 25,848</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$48,895 and \$25,848 as at December 31, 2021 and 2020, respectively.

B. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group amounted to \$48,895 and \$25,848, respectively.

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

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

(6) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits	\$ 682,472	\$ 395,803
Non-current items :		
Restricted bank deposits	\$ 774,684	\$ -

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

	Years ended December 31,	
	2021	2020
Interest income	\$ 11,299	\$ 7,290

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,457,156 and \$395,803, respectively.

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

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

(7) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 61,663	\$ 15,669
Less: Allowance for uncollectible accounts	-	-
	\$ 61,663	\$ 15,669
Accounts receivable	\$ 974,767	\$ 654,036
Less: Allowance for uncollectible accounts	(27,533)	(34,192)
	\$ 947,234	\$ 619,844

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

	December 31, 2021	December 31, 2020
Not past due	\$ 847,509	\$ 546,238
Up to 30 days	67,318	33,945
31 to 90 days	62,889	51,289
Over 90 days	31,181	4,041
	\$ 1,008,897	\$ 635,513

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents

the Group's notes and accounts receivable amounted to \$61,663 and \$15,669; \$947,234 and \$619,844, respectively.

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

(8) Inventories

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

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 443,170	(\$ 19,592)	\$ 423,578
Work in progress	28,827	(175)	28,652
Finished goods	213,389	(16,375)	197,014
	<u>\$ 685,386</u>	<u>(\$ 36,142)</u>	<u>\$ 649,244</u>

The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020, was \$4,855,271 and \$4,634,123, respectively, including the amount of \$7,107 that the Group wrote down from cost to net realisable value accounted for as cost of goods sold for the year ended December 31, 2021, as well as the amount of (\$8,032) that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because these inventories which had been written down from cost to its net realisable value were subsequently sold during the year ended December 31, 2020.

(9) Prepayments

	December 31, 2021	December 31, 2020
Prepaid expenses	\$ 183,674	\$ 79,342
Prepayments to suppliers	34,678	61,761
Excess business tax paid (or Net Input VAT)	62,345	33,651
	<u>\$ 280,697</u>	<u>\$ 174,754</u>

(10) Investments accounted for using equity method

	2021	2020
At January 1	\$ 1,900	\$ -
Addition of investments accounted for using equity method	543,818	\$ 1,900
Proceeds from disposal of investments accounted for using equity method (Note)	(549,358)	-
Share of profit of investments accounted for using equity method	6,036	-
At December 31	<u>\$ 2,396</u>	<u>\$ 1,900</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	<u>\$ 2,396</u>	<u>\$ 1,900</u>

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

(11) Property, plant and equipment

	Land	Buildings and structures	Machinery	Machinery for lease	Office equipment	Others	Unfinished construction	Total
<u>At January 1, 2021</u>								
Cost	\$ 663,801	\$2,060,416	\$1,340,350	\$ -	\$ 260,831	\$ 378,397	\$ -	\$ 4,703,795
Accumulated depreciation	-	(198,313)	(460,202)	-	(100,457)	(230,633)	-	(989,605)
	<u>\$ 663,801</u>	<u>\$1,862,103</u>	<u>\$ 880,148</u>	<u>\$ -</u>	<u>\$ 160,374</u>	<u>\$ 147,764</u>	<u>\$ -</u>	<u>\$ 3,714,190</u>
<u>2021</u>								
At January 1	\$ 663,801	\$1,862,103	\$ 880,148	\$ -	\$ 160,374	\$ 147,764	\$ -	\$ 3,714,190
Additions	-	5,213	93,816	12,128	66,397	28,954	4,197	210,705
Disposals	-	-	(10,751)	-	(69)	(4,624)	-	(15,444)
Acquired from business combinations	133,225	251,377	41,103	-	6,445	4,299	25,010	461,459
Transfers	4,189	20,253	412,835	23,615	157,175	51,637	(10,414)	659,290
Depreciation charge	-	(77,008)	(205,669)	(23,528)	(49,242)	(58,281)	-	(413,728)
Net exchange differences	-	(2,553)	1,658	-	(2,676)	(1,768)	-	(5,339)
At December 31	<u>\$ 801,215</u>	<u>\$2,059,385</u>	<u>\$1,213,140</u>	<u>\$ 12,215</u>	<u>\$ 338,404</u>	<u>\$ 167,981</u>	<u>\$ 18,793</u>	<u>\$ 4,611,133</u>
<u>At December 31, 2021</u>								
Cost	\$ 801,215	\$2,384,657	\$1,942,359	\$ 35,982	\$ 514,705	\$ 442,493	\$ 18,793	\$ 6,140,204
Accumulated depreciation	-	(325,272)	(729,219)	(23,767)	(176,301)	(274,512)	-	(1,529,071)
	<u>\$ 801,215</u>	<u>\$2,059,385</u>	<u>\$1,213,140</u>	<u>\$ 12,215</u>	<u>\$ 338,404</u>	<u>\$ 167,981</u>	<u>\$ 18,793</u>	<u>\$ 4,611,133</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 499,649	\$ 1,170,229	\$ 986,525	\$ 217,590	\$ 321,390	\$ 3,195,383
Accumulated depreciation	-	(140,710)	(313,740)	(78,279)	(174,215)	(706,944)
	<u>\$ 499,649</u>	<u>\$ 1,029,519</u>	<u>\$ 672,785</u>	<u>\$ 139,311</u>	<u>\$ 147,175</u>	<u>\$ 2,488,439</u>
<u>2020</u>						
At January 1	\$ 499,649	\$ 1,029,519	\$ 672,785	\$ 139,311	\$ 147,175	\$ 2,488,439
Additions	-	587	17,740	6,278	14,239	38,844
Disposals	-	-	(478)	(152)	(8)	(638)
Reclassifications	164,152	883,275	332,749	38,721	42,160	1,461,057
Depreciation charge	-	(56,426)	(145,438)	(23,796)	(55,947)	(281,607)
Net exchange differences	-	5,148	2,790	12	145	8,095
At December 31	<u>\$ 663,801</u>	<u>\$ 1,862,103</u>	<u>\$ 880,148</u>	<u>\$ 160,374</u>	<u>\$ 147,764</u>	<u>\$ 3,714,190</u>
<u>At December 31, 2020</u>						
Cost	\$ 663,801	2,060,416	\$ 1,340,350	\$ 260,831	\$ 378,397	\$ 4,703,795
Accumulated depreciation	-	(198,313)	(460,202)	(100,457)	(230,633)	(989,605)
	<u>\$ 663,801</u>	<u>\$ 1,862,103</u>	<u>\$ 880,148</u>	<u>\$ 160,374</u>	<u>\$ 147,764</u>	<u>\$ 3,714,190</u>

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

(12) Leasing arrangements-lessee

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 27,829	\$ 28,726
Buildings	73,155	83,636
Transportation equipment (Business vehicles)	-	664
	<u>\$ 100,984</u>	<u>\$ 113,026</u>
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 680	\$ 671
Buildings	36,000	37,009
Transportation equipment (Business vehicles)	664	1,028
	<u>\$ 37,344</u>	<u>\$ 38,708</u>

- C. In March 2013, the Group signed a land use right contract with Shanghai Municipal Planning, Land and Resources Administration for use of the land in Jinshan District, Shanghai City with a term of 50 years. All rentals had been paid on the contract date.
- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$19,141 and \$45,823, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,111	\$ 1,137
Expense on short-term lease contracts	\$ 40,179	\$ 37,086
Expense on leases of low-value assets	\$ 4,230	\$ 9,028
Gain or loss on lease modification	\$ 44	\$ 42

For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$84,102 and \$85,218, respectively.

(13) Investment property

	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	\$ -	\$ -	\$ -
Opening net book amount as at January 1	\$ -	\$ -	\$ -
Acquired from business combinations	7,949	926	8,875
Depreciation charge	-	(16)	(16)
Closing net book amount as at December 31	\$ 7,949	\$ 910	\$ 8,859
At December 31			
Cost	\$ 7,949	\$ 926	\$ 8,875
Accumulated depreciation and impairment	-	(16)	(16)
	\$ 7,949	\$ 910	\$ 8,859

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

	Years ended December 31,	
	2021	2020
Rental income from investment property	\$ 286	\$ -
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 16	\$ -

The fair value of the investment property held by the Group as at December 31, 2021 was \$22,207, which was valued based on the average transaction price in local area, and was categorised as Level 3 in the fair value hierarchy.

(14) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 1,468	\$ 4,860	\$ 41,199	\$ 2,600	\$ 6,611	\$ 56,738
Accumulated amortisation	-	(552)	(28,571)	(968)	(4,408)	(34,499)
	<u>\$ 1,468</u>	<u>\$ 4,308</u>	<u>\$ 12,628</u>	<u>\$ 1,632</u>	<u>\$ 2,203</u>	<u>\$ 22,239</u>
<u>2021</u>						
At January 1	\$ 1,468	\$ 4,308	\$ 12,628	\$ 1,632	\$ 2,203	\$ 22,239
Additions –						
acquired separately	-	-	4,896	-	178	5,074
Acquired from business combinations	427,127	340	738	-	488	428,693
Transfers	-	-	5,041	-	-	5,041
Amortisation charge	-	(569)	(8,903)	(260)	(2,313)	(12,045)
Net exchange differences	-	(1)	-	-	-	(1)
At December 31	<u>\$ 428,595</u>	<u>\$ 4,078</u>	<u>\$ 14,400</u>	<u>\$ 1,372</u>	<u>\$ 556</u>	<u>\$ 449,001</u>
<u>At December 31, 2021</u>						
Cost	\$ 428,595	\$ 6,059	\$ 41,647	\$ 7,400	\$ 15,254	\$ 498,955
Accumulated amortisation	-	(1,981)	(27,247)	(6,028)	(14,698)	(49,954)
	<u>\$ 428,595</u>	<u>\$ 4,078</u>	<u>\$ 14,400</u>	<u>\$ 1,372</u>	<u>\$ 556</u>	<u>\$ 449,001</u>

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 1,468	\$ 4,855	\$ 38,206	\$ 2,750	\$ 6,611	\$ 53,890
Accumulated amortisation	-	(4)	(19,618)	(868)	(2,204)	(22,694)
	<u>\$ 1,468</u>	<u>\$ 4,851</u>	<u>\$ 18,588</u>	<u>\$ 1,882</u>	<u>\$ 4,407</u>	<u>\$ 31,196</u>
<u>2020</u>						
At January 1	\$ 1,468	\$ 4,851	\$ 18,588	\$ 1,882	\$ 4,407	\$ 31,196
Additions –						
acquired separately	-	-	7,948	-	-	7,948
Amortisation charge	-	(546)	(13,908)	(250)	(2,204)	(16,908)
Net exchange differences	-	3	-	-	-	3
At December 31	<u>\$ 1,468</u>	<u>\$ 4,308</u>	<u>\$ 12,628</u>	<u>\$ 1,632</u>	<u>\$ 2,203</u>	<u>\$ 22,239</u>
<u>At December 31, 2020</u>						
Cost	\$ 1,468	\$ 4,860	\$ 41,199	\$ 2,600	\$ 6,611	\$ 56,738
Accumulated amortisation	-	(552)	(28,571)	(968)	(4,408)	(34,499)
	<u>\$ 1,468</u>	<u>\$ 4,308</u>	<u>\$ 12,628</u>	<u>\$ 1,632</u>	<u>\$ 2,203</u>	<u>\$ 22,239</u>

Details of amortisation on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Overhead	\$ 717	\$ 205
Selling expenses	2,621	3,217
Administrative expenses	7,864	10,947
Research and development expenses	843	2,539
	<u>\$ 12,045</u>	<u>\$ 16,908</u>

(15) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments for construction business facilities	\$ 810,554	\$ 1,012,177
Guarantee deposits paid	44,526	39,880
Net defined benefit asset	2,901	-
Other non-current assets	10,627	30,985
	<u>\$ 868,608</u>	<u>\$ 1,083,042</u>

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 1,448,238</u>	0.52%~3.33%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 1,076,334</u>	0.58%~2.80%	None

Interest expense recognised in profit or loss amounted to \$13,755 and \$9,557 for the years ended December 31, 2021 and 2020, respectively.

(17) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 225,138	\$ 366,633
Employee bonus payable	315,997	281,081
Payable on machinery and equipment	56,199	29,873
Tax payables	34,918	10,165
Other payables	375,434	167,405
	<u>\$ 1,007,686</u>	<u>\$ 855,157</u>

(18) Bonds payable

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

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

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

- (a) The Company issued \$1,200,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (June 8, 2018 ~ June 8, 2021) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 8, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.
 - (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1.015075% of the face value as interests upon two years from the issue date.
 - (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. For the year ended December 31, 2021, the bonds totaling \$200 (face value) had been converted into 601 shares of common stock.
- C. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$24,360 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount of \$720 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 0.6654%.

(19) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees'

monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 2,715)	\$ -
Fair value of plan assets	<u>5,616</u>	<u>-</u>
Net defined benefit liability	<u>\$ 2,901</u>	<u>\$ -</u>

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

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 2,898)	\$ 5,516	\$ 2,618
Interest (expense) income	(15)	<u>28</u>	<u>13</u>
	<u>(2,913)</u>	<u>5,544</u>	<u>2,631</u>
Remeasurements:	-	-	-
Return on plan assets (excluding amounts included in interest income or expense)	-	71	71
Change in demographic assumptions	(58)	-	(58)
Change in financial assumptions	97	-	97
Experience adjustments	<u>159</u>	<u>-</u>	<u>159</u>
	<u>198</u>	<u>71</u>	<u>269</u>
Pension fund contribution	<u>-</u>	<u>1</u>	<u>1</u>
At December 31	<u>(\$ 2,715)</u>	<u>\$ 5,616</u>	<u>\$ 2,901</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic

or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 21, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>Year ended December 31, 2021</u>
Discount rate	<u>0.75%</u>
Future salary increases	<u>2.00%</u>

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

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

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$0.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 14 years.

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

employment.

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$45,342 and \$32,282, respectively.

(20) Long-term borrowings

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

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
Unsecured borrowing	Borrowing period is from May 3, 2020, to February 15, 2027; interest is repayable monthly.	1%	None	<u>\$ 3,980</u>

(21) Share-based payment

A. For the years ended December 31, 2021 and 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Issuance date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2016.07.01	2,000	6 years	Employees with 2 service years are entitled to 30% Employees with 3 service years are entitled to 60% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2016.07.20	600	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Operating revenue growth rate 30% (year) Maintaining profit rate after tax above 10% Earnings per share exceeds \$3.0 (including \$3.0)
Employee stock options	2018.05.15	2,000	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2019.09.30	900	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Profit rate before tax in the previous financial statements is no less than 20%
Employee stock options	2021.07.31	3143	Not applicable	Vested immediately
Employee stock options	2021.11.03	2630	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return

the stocks but not required to return the dividends received if they resign during the vesting period.

The share-based payment arrangements above are settled by equity.

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

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	49	\$ 100	718	\$ 100
Options expired	-	-	(44)	100
Options exercised	(28)	100	(625)	100
Options outstanding at the end of the year	<u>21</u>	<u>\$ 100</u>	<u>49</u>	<u>\$ 100</u>
Options exercisable at the end of the year	<u>21</u>	<u>\$ 100</u>	<u>49</u>	<u>\$ 100</u>

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,692	\$ 448	1,827	\$ 448
Options expired	(75)	448	(135)	448
Options outstanding at the end of the year	<u>1,617</u>	<u>\$ 448</u>	<u>1,692</u>	<u>\$ 448</u>
Options exercisable at the end of the year	<u>1,294</u>	<u>\$ 448</u>	<u>717</u>	<u>\$ 448</u>

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options expired	3,143	20	-	-
Options granted	(146)	20	-	-
Options exercised	(2,997)	20	-	-
Options outstanding at the end of the year	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Options exercisable at the end of the year	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	2,630	50.8	-	-
Options outstanding at the end of the year	2,630	50.8	-	-
Options exercisable at the end of the year	-	\$ -	-	\$ -

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 was 238.08 (in dollars) and 248.30 (in dollars), respectively.

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

Issue date approved	Expiry date	December 31, 2021		December 31, 2020	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	21	\$ 100	49	\$ 100
2018.05.15	2024.05.14	1,617	448	1,692	448
2021.11.03	2027.11.02	2,630	50.8	-	-

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

Type of arrangement	Issuance date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends	Risk-free interest rate(%)	Fair value per unit (in dollars)
Employee stock options	2016.07.01	\$ 145.50	\$ 100	32.73	4-5	-	0.605~0.719	\$ 41.55~45.10
Restricted stocks to employee	2016.07.20	\$ 139.00	\$ 10	-	-	-	0.52	\$ 111.65
Employee stock options	2018.05.15	\$ 440.00	\$ 448	26.10~30.25	5.75	-	0.5636~0.6814	\$ 63.16~106.15
Restricted stocks to employee	2019.09.30	\$ 282.00	\$ 10	-	0.25	-	-	\$ 272
Employee stock options	2021.7.31	\$ 25.25	\$ 20	22.95	0.13	-	0.11	\$ 5.25
Employee stock options	2021.11.03	\$ 50.80	\$ 50.80	43.63~47.84	5.00	-	0.41~0.44	\$ 18.94~19.37

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

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

	Years ended December 31,	
	2021	2020
Equity-settled	\$ 46,261	\$ 116,791

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

(22) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$3,000,000, and the paid-in capital was \$1,182,449, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows: (Share in thousands)

	2021	2020
	Unrestricted shares	Unrestricted shares
At January 1	118,220	119,617
Conversion of corporate bonds	1	-
Employee stock options exercised	28	625
Restricted stocks to employee - stocks redeemed	(4)	(22)
Retirement of treasury shares	-	(2,000)
At December 31	118,245	118,220

B. Treasury shares

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

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

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

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

C. To enhance the Company's credit rating and the stockholders' equity, on February 6, 2020, the Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 2 million shares within 2 months from the reported date. On April 30, 2020, the Board of Directors of the Company resolved to retire all the repurchased shares. As of December 31, 2021, all the repurchased shares have been retired.

To be reissued to employees, on March 23, 2020, the Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 3 million shares within 2 months from the reported date. Treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. As of December 31, 2021, the Company has repurchased 1,016 thousand shares, considering the efficiency of capital utilisation and the employees' willingness to subscribe for the shares, the Company will not repurchase more shares.

(23) 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.

(24) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining

amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

- B. The Company's dividend policy is summarised below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed. However, if the Company has sufficient retained earnings and capital, the Company may increase cash dividends in proportion to total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. Special reserve
 - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On July 7, 2021, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2020 earnings in the amount of \$1,040,755, with cash dividends of \$8.84 (in dollars) per share. On March 22, 2022, the stockholders of the Company approved the distribution of dividends from the 2021 earnings in the amount of \$1,050,014, with cash dividends of \$8.88 (in dollars) per share.

(25) Other equity items

	2021			
	Unrealised gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 233,124)	(\$ 12,369)	(\$ 257,069)
Currency translation differences	-	(50,205)	-	(50,205)
Subsidiaries accounted for using equity method	5,916	-	-	5,916
Revaluation - gross	6,642	-	-	6,642
Compensation cost of share-based payments	-	-	12,369	12,369
At September 30	<u>\$ 982</u>	<u>(\$ 283,329)</u>	<u>\$ -</u>	<u>(\$ 282,347)</u>

	2020			
	Unrealised gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 314,133)	(\$ 95,417)	(\$ 421,126)
Currency translation differences	-	81,009	-	81,009
Compensation cost of share-based payments	-	-	83,048	83,048
At December 31	<u>(\$ 11,576)</u>	<u>(\$ 233,124)</u>	<u>(\$ 12,369)</u>	<u>(\$ 257,069)</u>

Amounts that the Group recognised in other comprehensive income due to the change in fair value and the amounts that the Group transferred from other equity to profit and loss for the years ended December 31, 2021 and 2020 are all \$0.

(26) Operating revenue

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers	\$ 8,527,866	\$ 8,223,851
	52,237	-
	<u>\$ 8,580,103</u>	<u>\$ 8,223,851</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2021	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 3,567,180	\$ 9,603,646	\$ 13,170,826
Inter-segment revenue	(1,414,600)	(3,228,360)	(4,642,960)
Revenue from external customer contracts	<u>\$ 2,152,580</u>	<u>\$ 6,375,286</u>	<u>\$ 8,527,866</u>
Years ended December 31, 2020	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 1,508,042	\$ 11,604,553	\$ 13,112,595
Inter-segment revenue	(519,730)	(4,369,014)	(4,888,744)
Revenue from external customer contracts	<u>\$ 988,312</u>	<u>\$ 7,235,539</u>	<u>\$ 8,223,851</u>

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

B. Contract assets and liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
– advance sales receipts	<u>\$ 491,138</u>	<u>\$ 653,708</u>	<u>\$ 579,789</u>

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

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

	Years ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 528,517</u>	<u>\$ 537,124</u>

(27) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits (Note)	<u>\$ 79,986</u>	<u>\$ 74,914</u>

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

(28) Other income

	Years ended December 31,	
	2021	2020
Dividend income	\$ 3,546	\$ 149
Other income - others	69,919	118,074
	<u>\$ 73,465</u>	<u>\$ 118,223</u>

(29) Other gains and losses

	Years ended December 31,	
	2021	2020
Losses on disposal of property, plant and equipment	(\$ 5,060)	(\$ 222)
Gains on disposal of investments	116,877	-
Gains arising from lease modifications	44	42
Foreign exchange (losses) gains	(5,111)	1,639
Gains on financial assets (liabilities) at fair value through profit or loss	37,552	509
Miscellaneous disbursements	(617)	(1,116)
	<u>\$ 143,685</u>	<u>\$ 852</u>

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

(30) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Bank borrowings	\$ 13,775	\$ 9,557
Convertible bonds	7,692	2,879
Leases	2,111	1,137
	<u>\$ 23,578</u>	<u>\$ 13,573</u>

(31) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 1,120,162	\$ 1,205,052
Depreciation charges on property, plant and equipment	451,072	320,315
Depreciation charges on investment property	16	-
Operating lease payments	49,453	46,114
Amortisation charges on intangible assets	12,045	16,908
	<u>\$ 1,632,748</u>	<u>\$ 1,588,389</u>

(32) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	\$ 900,691	\$ 919,665
Employee stock options (Note)	46,261	116,791
Labour and health insurance fees	84,050	81,289
Pension costs	45,342	32,282
Other personnel expenses	43,818	55,025
	<u>\$ 1,120,162</u>	<u>\$ 1,205,052</u>

Note: It was equity-settled.

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

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$117,518 and \$163,401, respectively; while directors' and supervisors' remuneration was accrued at \$4,200 and \$4,200, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not be higher than 3% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$117,518 and \$4,200, respectively, and the employees' compensation will be distributed in the form of cash.

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

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

(33) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 297,016	\$ 429,784
Tax on undistributed surplus earnings	37,061	30,827
Effect from investment tax credits	(26,659)	(30,827)
Prior year income tax overestimation	(91,543)	(51,955)
Total current tax	<u>215,875</u>	<u>377,829</u>
Deferred tax:		
Origination and reversal of temporary differences	36,267	(28,148)
Prior year deferred tax asset underestimation	-	(4,198)
Remittance of earnings	141,308	-
Total deferred tax	<u>177,575</u>	<u>(32,346)</u>
Income tax expense	<u>\$ 393,450</u>	<u>\$ 345,483</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 410,487	\$ 408,265
Effect from items not recognised in accordance with tax regulation	(85,683)	(9,463)
Effect from investment tax credits	(26,659)	(30,827)
Tax on undistributed earnings	37,061	30,827
Prior year income tax overestimation	(91,543)	(51,955)
Change in assessment of realization of deferred tax assets	-	(4,198)
Taxable loss not recognised as deferred tax assets	8,479	2,834
Remittance of earnings	141,308	-
Income tax expense	<u>\$ 393,450</u>	<u>\$ 345,483</u>

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

	2021			
	January 1	Recognised in profit or loss	Business combination	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and decline in market value of inventories	\$ 6,234	(\$ 517)	\$ 845	\$ 6,562
Unrealised exchange loss	638	(638)	-	-
Unrealised gross profit	52,886	(30,210)	-	22,676
Others	-	(160)	211	51
	<u>\$ 59,758</u>	<u>(\$ 31,525)</u>	<u>\$ 1,056</u>	<u>\$ 29,289</u>
-Deferred tax liabilities:				
Unrealised exchange gain	\$ -	(\$ 5,183)	\$ -	(\$ 5,183)
Others	(441)	441	-	-
	<u>(441)</u>	<u>(4,742)</u>	<u>-</u>	<u>(5,183)</u>
	<u>\$ 59,317</u>	<u>(\$ 36,267)</u>	<u>\$ 1,056</u>	<u>\$ 24,106</u>

	2022			
	January 1	Recognised in profit or loss	Business combination	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and decline in market value of inventories	\$ 6,991	(\$ 757)	\$ -	\$ 6,234
Unrealised exchange loss	-	638	-	638
Unrealised gross profit	27,208	25,678	-	52,886
	<u>34,199</u>	<u>25,559</u>	<u>-</u>	<u>59,758</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(\$ 2,149)	\$ 2,149	\$ -	\$ -
Others	(881)	440	-	(441)
	<u>(3,030)</u>	<u>2,589</u>	<u>-</u>	<u>(441)</u>
	<u>\$ 31,169</u>	<u>\$ 28,148</u>	<u>\$ -</u>	<u>\$ 59,317</u>

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

	December 31, 2021	December 31, 2020
Deductible temporary differences	<u>\$ 77,473</u>	<u>\$ 11,488</u>

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

(34) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 1,545,758</u>	117,374	<u>\$ 13.17</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,545,758		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	705	
Employee stock options	-	16	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,545,758</u>	<u>118,095</u>	<u>\$ 13.09</u>
	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 1,838,792</u>	117,226	<u>\$ 15.69</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,838,792		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	905	1,440	
Employee stock options	-	41	
Employees' compensation	-	771	
Restricted stocks	-	228	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,839,697</u>	<u>119,706</u>	<u>\$ 15.37</u>

(35) Business combinations

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

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

- C. Fair values of identifiable net assets acquired were both tentative amounts.

D. The Company recognised a gain of \$118,816 as a result of measuring at fair value its 25.31% equity interest in Maxigen Biotech Inc. held before the business combination.

Had Maxigen Biotech Inc. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of \$7,205,944 and profit before income tax of \$1,672,497.

(36) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 210,705	\$ 38,844
Add: Opening balance of payable on equipment	29,873	110,423
Less: Ending balance of payable on equipment	(56,199)	(29,873)
Cash paid during the year	<u>\$ 184,379</u>	<u>\$ 119,394</u>

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2021	2020
Convertible bonds being converted to capital stocks	<u>\$ 200</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(37) Names of related parties and relationship

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

(38) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2021	2020
Sales of goods:		
Other related parties	\$ 6,186	\$ 3,996
Associates	1,359	-
	<u>\$ 7,545</u>	<u>\$ 3,996</u>

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

B. Purchases:

	Years ended December 31,	
	2021	2020
Purchase and processing fees:		
Other related parties	\$ 24,816	\$ 70,824
Associates	2,448	-
	<u>\$ 27,264</u>	<u>\$ 70,824</u>

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

C. Other income

	Years ended December 31,	
	2021	2020
Rent income:		
Associates	<u>\$ 186</u>	<u>\$ -</u>

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

D. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other related parties	\$ 853	\$ 2,605
Associates	2,173	-
	<u>\$ 3,026</u>	<u>\$ 2,605</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:

	December 31, 2021	December 31, 2020
Accounts payable:		
Other related parties	<u>\$ 7,362</u>	<u>\$ 12,309</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.

(39) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 134,466	\$ 128,258
Share-based payments	20,112	92,371
	<u>\$ 154,578</u>	<u>\$ 220,629</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Property, plant and equipment	\$ 1,995,750	\$ 1,605,479	Short-term and long-term borrowings
Current financial assets at amortised cost	500	159,953	Short-term borrowings and contract security deposit account for government grants and performance guarantee
Non-current financial assets at amortised cost	774,683	-	- Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds
Other non-current assets	-	1,000	Contract security deposit
	<u>\$ 2,770,933</u>	<u>\$ 1,766,432</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(40) Contingencies

None.

(41) Commitments

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	<u>\$ 270,478</u>	<u>\$ 286,153</u>

B. As of December 31, 2021 and 2020, the Group's total unused letters of credit was \$8,124 and \$22,072, respectively.

C. As of December 31, 2021, the Group's guarantee notes under the grant contract to cooperate with the Forward-looking Infrastructure Development Program of Ministry of Economic Affairs amounted to \$43,200.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 131,266	\$ 135,402
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 48,895	\$ 25,848
<u>Financial assets at amortised cost/Loans and receivables</u>		
Cash and cash equivalents	\$ 4,704,397	\$ 4,856,361
Financial assets at amortised cost	682,472	395,803
Notes receivable	61,663	15,669
Accounts receivable	947,234	619,844
Accounts receivable - related parties	3,026	2,605
Other receivables	49,984	56,952
Guarantee deposits paid	44,526	39,880
	<u>\$ 6,493,302</u>	<u>\$ 5,987,114</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 1,448,238	\$ 1,076,334
Notes payable	2,984	1,944
Accounts payable	857,019	728,508
Accounts payable - related parties	7,362	12,309
Other accounts payable	1,007,686	855,157
Corporate bonds payable (including current portion)	-	434,268
Long-term borrowings (including current portion)	967,510	3,980
	<u>\$ 4,290,799</u>	<u>\$ 3,112,500</u>
Lease liability	<u>\$ 74,830</u>	<u>\$ 85,301</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)	December 31, 2021			Book value (NTD)
	Foreign currency amount (In thousands)	Exchange rate		
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	28,341	27.6800	\$ 784,479
RMB:NTD	RMB	241,173	4.3440	1,047,656
EUR:NTD	EUR	773	32.3200	24,210
JPY:NTD	JPY	179,032	0.2405	43,057
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	JPY	736,479	0.2405	\$ 177,123
RMB:NTD	RMB	37,549	4.3440	163,113
USD:NTD	USD	1,712	27.6800	47,388
EUR:NTD	EUR	2,380	31.3200	74,542

		December 31, 2020		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	163,837	4.3770	\$ 717,115
USD:NTD	USD	20,509	28.4800	584,096
EUR:NTD	EUR	4,287	35.0200	150,131
JPY:NTD	JPY	436,839	0.2763	120,699
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	RMB	73,866	4.3770	\$ 323,311
USD:NTD	USD	10,168	28.4800	289,585
JPY:NTD	JPY	467,516	0.2763	129,175
EUR:NTD	EUR	1,657	35.0200	58,028

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to \$5,111 and \$1,639, respectively.

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

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

(Foreign currency: functional currency)	Year ended December 31, 2020			
	Sensitivity analysis			
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$	7,171	\$ -
USD:NTD	"		5,841	-
EUR:NTD	"		1,501	-
JPY:NTD	"		1,207	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$	3,233	\$ -
USD:NTD	"		2,896	-
EUR:NTD	"		1,292	-
JPY:NTD	"		580	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,312 and \$1,354, 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 \$489 and \$258, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in New Taiwan dollars and Chinese Renminbi.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,933 and \$864, respectively. The main

factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In accordance with the Group's credit risk management policies, the default occurs when the contract payments are past due over certain days.
- v. The Group classifies customers' accounts receivable in accordance with credit risk. The Group applies the modified approach using loss rate methodology to estimate expected credit loss.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the loss rate methodology is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2021</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 848,045	\$ 140,547	\$ 47,838	\$ -	\$ 1,036,430
Loss allowance	\$ 536	\$ 13,363	\$ 13,634	\$ -	\$ 27,533
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2020</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 546,238	\$ 86,326	\$ 37,141	\$ -	\$ 669,705
Loss allowance	\$ -	\$ 1,092	\$ 33,100	\$ -	\$ 34,192

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

	2021	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 34,192	\$ -
Reversal of impairment	(6,659)	-
At December 31	<u>\$ 27,533</u>	<u>\$ -</u>
	2020	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 55,717	\$ -
Provision for impairment	8	-
Reversal of impairment	(21,406)	-
Write-offs	(8)	-
Effect of foreign exchange	(119)	-
At December 31	<u>\$ 34,192</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. As of December 31, 2021 and 2020, the Group has undrawn borrowing facilities of \$8,276,559 and \$8,811,646, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 131,266	\$ -	\$ -	\$ 131,266
Financial assets at fair value through other comprehensive income				
Equity securities	<u>2,851</u>	<u>-</u>	<u>46,044</u>	<u>48,895</u>
	<u>\$134,117</u>	<u>\$ -</u>	<u>\$ 46,044</u>	<u>\$180,161</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 135,402	\$ -	\$ -	\$ 135,402
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,196</u>	<u>-</u>	<u>24,652</u>	<u>25,848</u>
	<u>\$ 136,598</u>	<u>\$ -</u>	<u>\$ 24,652</u>	<u>\$ 161,250</u>

(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 years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2021 and 2020, no Level 3 financial instrument was changed.
- F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 46,044	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	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.

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

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

		December 31, 2021					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 2,302	\$ 2,302	
		December 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 1,233	\$ 1,233	

(4) Other matter

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(12) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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

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

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

	Taiwan	Asia	Other	Adjustment and reversal	Total
<u>Year ended December 31, 2021</u>					
Revenue from external customers	\$ 2,452,179	\$ 4,539,301	\$1,588,623	\$ -	\$ 8,580,103
Revenue from internal customers	4,209,909	379,248	53,803	(4,642,960)	-
Segment revenue	<u>\$ 6,662,088</u>	<u>\$ 4,918,549</u>	<u>\$1,642,426</u>	<u>(\$ 4,642,960)</u>	<u>\$ 8,580,103</u>
Segment income	<u>\$ 1,956,745</u>	<u>\$ 978,859</u>	<u>(\$ 26,177)</u>	<u>(\$ 1,293,426)</u>	<u>\$ 1,616,001</u>
Segment income / loss, including:					
Depreciation and amortisation	\$ 361,768	\$ 94,884	\$ 6,481	\$ -	\$ 463,133
Interest income	2,614	77,527	7	(162)	79,986
Interest expense	22,833	850	-	(105)	23,578
Income tax expense	336,545	62,161	-	(5,256)	393,450
Investment profit or loss which is adopting equity method	468,531	286,864	-	(749,359)	6,036
Segment total assets	<u>\$ 17,977,442</u>	<u>\$ 11,604,562</u>	<u>\$ 756,460</u>	<u>(\$ 15,627,424)</u>	<u>\$ 14,711,040</u>
Segment assets including:					
Investment which is adopting equity method	\$ 4,994,020	\$ 1,115,147	\$ -	(\$ 6,106,771)	\$ 2,396
Capital expenditure of non- current asset	555,543	39,687	99,454	-	694,684
Segment total liabilities	<u>\$ 4,817,750</u>	<u>\$ 2,678,031</u>	<u>\$ 632,799</u>	<u>(\$ 2,659,536)</u>	<u>\$ 5,469,044</u>
	Taiwan	Asia	Other	Adjustment and reversal	Total
<u>Year ended December 31, 2020</u>					
Revenue from external customers	\$ 1,736,207	\$ 5,917,899	\$ 569,745	\$ -	\$ 8,223,851
Revenue from internal customers	4,536,203	352,141	-	(4,888,344)	-
Segment revenue	<u>\$ 6,272,410</u>	<u>\$ 6,270,040</u>	<u>\$ 569,745</u>	<u>(\$ 4,888,344)</u>	<u>\$ 8,223,851</u>
Segment income	<u>\$ 2,311,351</u>	<u>\$ 1,496,093</u>	<u>\$ 4,702</u>	<u>(\$ 1,959,408)</u>	<u>\$ 1,852,738</u>
Segment income / loss, including:					
Depreciation and amortisation	\$ 248,558	\$ 87,556	\$ 1,109	\$ -	\$ 337,223
Interest income	447	74,467	-	-	74,914
Interest expense	13,009	564	-	-	13,573
Income tax expense	250,578	94,905	-	-	345,483
Investment profit or loss which is adopting equity method	669,481	393,113	-	(1,062,594)	-
Segment total assets	<u>\$ 14,729,473</u>	<u>\$ 12,029,425</u>	<u>\$ 293,557</u>	<u>(\$ 15,087,597)</u>	<u>\$ 11,964,858</u>
Segment assets including:					
Investment which is adopting equity method	\$ 4,698,485	\$ 2,602,340	\$ -	(\$ 7,298,925)	\$ 1,900
Capital expenditure of non- current asset	785,420	39,476	-	-	824,896
Segment total liabilities	<u>\$ 3,580,909</u>	<u>\$ 1,229,025</u>	<u>\$ 282,450</u>	<u>(\$ 715,929)</u>	<u>\$ 4,376,455</u>

For the years ended December 31, 2021 and 2020, sales to Europe and America of reporting department-Taiwan amounted to \$502,355 and \$418,188, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$1,650,225 and \$570,124,

respectively.

(4) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The reportable segment income or loss is in accordance with the income before tax from continuing operations for the years ended December 31, 2021 and 2020.

(5) Information on products

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

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,452,179	\$ 5,906,470	\$ 1,736,207	\$ 4,099,340
Mainland China	4,539,301	774,384	5,917,899	830,805
Others	1,588,623	132,416	569,745	2,352
	<u>\$ 8,580,103</u>	<u>\$ 6,813,270</u>	<u>\$ 8,223,851</u>	<u>\$ 4,932,497</u>

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

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Segment	Revenue	Segment
A	\$ 1,015,424	Asia	\$ 1,014,753	Asia
B	<u>803,552</u>	Asia	<u>1,115,443</u>	Asia
	<u>\$ 1,818,976</u>		<u>\$ 2,130,196</u>	

TCI CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	SHANGHAI BIOFUNCTION CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	\$ 510,600	\$ 510,600	\$ -	4.35%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 1,202,404	\$ 1,202,404	Notes 5 and 6
2	SHANGHAI BIOSCIENCE CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	344,400	344,400	-	4.35%	2	-	For operating capital	-	None	-	382,566	382,566	Notes 5 and 6

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021. The amount is calculated at the closing rate of RMB\$1 : NTD\$4.3440, the exchange rate used in original transaction shall be adopted if there was no movement.

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

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

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

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

TCI CO., LTD. AND SUBSIDIARIES
 Provision of endorsements and guarantees to others
 Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
			Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party										
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	\$ 1,623,285	\$ 138,624	\$ 138,624	\$ -	\$ -	1.71	\$ 4,058,214	Y	N	N	Note 3

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

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

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

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

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

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

TCI CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 2,851	0.13	\$ 2,851	
TCI CO., LTD.	LIN LIE INTEGRATION CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	54,000	372	3.48	372	
TCI CO., LTD.	PURE MILK CO., LTD.	The Company was an institutional shareholder of PURE MILK CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	403,333	26,987	9.26	26,987	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	The company was an institutional shareholder of CHUN LING INTERNATIONAL CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	228,000	18,685	19.00	18,685	
TCI CO., LTD.	NIPPI INC	None	Financial assets at fair value through profit or loss - current	70,600	62,908	2.44	62,908	
TCI CO., LTD.	SYNGEN BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	148,000	16,724	0.55	16,724	
TCI CO., LTD.	GENMONT BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	2,079,000	50,624	2.41	50,624	
TCI CO., LTD.	NuVasive INC.	None	Financial assets at fair value through profit or loss - current	700	1,010	0.00	1,010	

TCI CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account (Note 2 Note 3)	Relationship with Counterparty the investor (Note 4)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021				
				Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount		
MAXIGEN BIOTECH INC.	Shares - MAXIGEN BIOTECH INC.			-	1,957,000	\$45,072	15,622,881	\$435,406	-	\$-	-	\$-	-	17,579,881	\$480,478

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

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

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

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

TCI CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	(Sales)	\$ 1,036,134	(18.12)	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.	\$ 134,722	13.80	
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	1,341,839	(23.47)	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.	47,910	4.91	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,297,306	(22.69)	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.	364,447	37.33	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	Purchases	145,068	(4.37)	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.	(98,846)	(13.38)	

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

TCI CO., LTD. AND SUBSIDIARIES

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

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	Accounts receivable \$ 134,722	7.71	-	-	\$ 134,722	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable 364,447	4.43	-	-	364,447	-

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

TCI CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 1,036,134	The prices and terms of sales and purchases are available to third parties.	12.08
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	134,722	The prices and terms of sales and purchases are available to third parties.	0.92
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	1,341,839	The prices and terms of sales and purchases are available to third parties.	15.64
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	47,910	The prices and terms of sales and purchases are available to third parties.	0.33
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,297,306	The prices and terms of sales and purchases are available to third parties.	15.12
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	364,447	The prices and terms of sales and purchases are available to third parties.	2.48
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Purchases	145,068	The prices and terms of sales and purchases are available to third parties.	2.99
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts payable	98,846	The prices and terms of sales and purchases are available to third parties.	0.67

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

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

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

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

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

TCI CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TCI CO., LTD.	TCI FIRSTEK CORP.	Taiwan	Wholesale and retail of health foods and cosmetics	\$ 43,685	\$ 43,685	238,296,886	100.00	\$ 3,431,748	\$ 277,108	\$ 277,108	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	64,250	64,250	11,296,692	52.64	200,156	92,635	55,970	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	4,614 (	8,644) (	8,644)	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	-	5.66	7,378 (	20,214)	1,853	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,007	1	1	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	18,779 (	4,321) (	4,321)	None
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	441	11	6	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	42,389 (	1,485) (	780)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,692 (	14) (	6)	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	79 (	12) (	12)	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	3,367	3,367	-	100.00 (	22,090) (	28,023) (	28,023)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	19.00	2,396	2,611	496	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	8,054 (	14,037) (	14,037)	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	-	17,579,881	22.83	646,001	87,667	16,048	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	180,000	-	18,000	60.00	18,000	-	-	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 December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of December 31, 2021.

TCI CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing	\$ 14,117	Note 3	\$ 15,440	\$ -	\$ -	\$ 15,440	\$ 267,834	100.00	\$ 267,834	\$ 3,560,835	\$ 289,047	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	26,064	Note 2	-	-	-	-	288,545	100.00	288,545	3,334,954	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	(27,422)	(27,422)	(27,422)	(27,422)	157,396	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	465,775	100.00	465,775	1,826,844	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	(463)	(463)	(463)	(463)	44,730	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	2,768	Note 3	-	-	-	(2,881)	(2,881)	41.75	(2,285)	4,212	-	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 audited and attested by R.O.C. parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 692,000	\$ 5,545,198
TCI FIRSTEK CORP.	15,440	15,440	2,127,078
TCI LIVING CO., LTD.	8,500	30,448	30,958

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.3440, USD\$1 : NTD\$27.6800; income presents at RMB\$1 : NTD\$4.3402, USD\$1 : NTD\$27.9983;

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

TCI CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others
SHANGHAI BIOFUNCTION CO., LTD.	\$ 1,341,839	23.47	\$ -	-	\$ 47,910	4.91	\$ -	-	\$ -	-	-	\$ -	-
SHANGHAI BIOTRADE CO., LTD.	1,036,134	18.12	-	-	134,722	13.80	-	-	-	-	-	-	-
SHANGHAI BIOTRADE CO., LTD.	(145,068)	(4.37)	-	-	(98,846)	(13.38)	-	-	-	-	-	-	-

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

TCI CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2021

Table 11

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TCI Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of TCI Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of TCI Co., Ltd as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Existence and occurrence of top ten customers

Description

The Company's and its subsidiaries' (listed as investments accounted for under equity method) sales revenue arise mainly from manufacturing and sales of health foods and cosmetics. Customers are mostly direct marketing companies in Europe and Asia and cosmetic companies.

With the expansion of direct marketing companies in Europe and Asia, the sales revenue from top ten customers has increased significantly and became a significant portion of operating income to the parent company only financial statements. Because of the rapid development in the internet sales market, more time and resources were required in performing the audit procedures. Thus, we consider the existence and occurrence of top ten customers as a key audit matter.

Please refer to Note 4(29) for accounting policies on revenue recognition and Note 6(20) for details of sales revenue and Note 6(5) for details of investments accounted for under equity method.

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

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

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

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

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

Hsu, Ming-Chuan Chih, Ping-Chiun
For and on behalf of PricewaterhouseCoopers, Taiwan
March 22, 2022

The accompanying parent company only 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 parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

TCI CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 591,468	5	\$ 507,239	5
1110	Financial assets at fair value through profit or loss - current	6(2)	131,266	1	135,402	1
1136	Current financial assets at amortised cost	6(4) and 8	-	-	176,953	2
1150	Notes receivable, net	6(5)	14,034	-	15,653	-
1170	Accounts receivable, net	6(5)	296,878	2	207,976	2
1180	Accounts receivable - related parties, net	7	665,422	5	539,233	5
1200	Other receivables		17,059	-	21,316	-
1210	Other receivables - related parties	7	27,502	-	8,103	-
130X	Inventories	6(6)	488,439	4	361,986	3
1410	Prepayments		271,372	2	105,402	1
1470	Other current assets		53,947	1	27,228	-
11XX	Total current assets		<u>2,557,387</u>	<u>20</u>	<u>2,106,491</u>	<u>19</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	30,210	-	23,568	-
1535	Non-current financial assets at amortised cost	6(4) and 8	774,684	6	-	-
1550	Investments accounted for using equity method	6(7)	5,010,822	40	4,698,485	43
1600	Property, plant and equipment	6(8)	3,391,980	27	2,985,462	27
1755	Right-of-use assets	6(9)	14,119	-	26,621	-
1780	Intangible assets	6(10)	13,946	-	13,477	-
1840	Deferred income tax assets	6(29)	28,910	-	59,758	1
1900	Other non-current assets	6(11)	807,788	7	1,036,403	10
15XX	Total non-current assets		<u>10,072,459</u>	<u>80</u>	<u>8,843,774</u>	<u>81</u>
1XXX	Total assets		<u>\$ 12,629,846</u>	<u>100</u>	<u>\$ 10,950,265</u>	<u>100</u>

(Continued)

TCI CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 1,448,238	12	\$ 1,076,334	10
2130	Current contract liabilities	6(22)	178,800	2	144,143	1
2150	Notes payable		1,440	-	1,350	-
2170	Accounts payable		528,446	4	534,154	5
2180	Accounts payable - related parties	7	208,678	2	127,685	1
2200	Other payables	6(12)	653,455	5	628,469	6
2220	Other payables - related parties	7	43,943	-	13,321	-
2230	Current income tax liabilities	6(29)	408,585	3	409,022	4
2280	Current lease liabilities		6,806	-	10,533	-
2320	Long-term liabilities, current portion	6(13)	-	-	434,268	4
2399	Other current liabilities, others		32,584	-	49,365	1
21XX	Total current liabilities		<u>3,510,975</u>	<u>28</u>	<u>3,428,644</u>	<u>32</u>
Non-current liabilities						
2540	Long-term borrowings	6(15)	967,510	8	3,980	-
2570	Deferred income tax liabilities	6(29)	5,184	-	-	-
2580	Non-current lease liabilities		7,660	-	16,479	-
2600	Other non-current liabilities	6(7)	22,090	-	1,126	-
25XX	Total non-current liabilities		<u>1,002,444</u>	<u>8</u>	<u>21,585</u>	<u>-</u>
2XXX	Total liabilities		<u>4,513,419</u>	<u>36</u>	<u>3,450,229</u>	<u>32</u>
Equity						
Share capital		6(18)				
3110	Share capital - common stock		1,182,449	9	1,182,202	11
Capital surplus		6(19)				
3200	Capital surplus		2,647,254	21	2,618,432	23
Retained earnings		6(20)				
3310	Legal reserve		744,681	6	598,016	5
3320	Special reserve		244,700	2	325,709	3
3350	Unappropriated retained earnings		3,698,477	29	3,259,603	30
Other equity interest		6(21)				
3400	Other equity interest		(282,347)	(2)	(257,069)	(2)
3500	Treasury shares	6(18)	(118,787)	(1)	(226,857)	(2)
3XXX	Total equity		<u>8,116,427</u>	<u>64</u>	<u>7,500,036</u>	<u>68</u>
3X2X	Total liabilities and equity		<u>\$ 12,629,846</u>	<u>100</u>	<u>\$ 10,950,265</u>	<u>100</u>

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

TCI CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 5,717,576	100	\$ 6,068,526	100
5000	Operating costs	6(6)(16)(27)(28) and 7	(3,322,349)	(58)	(3,439,476)	(57)
5900	Net operating margin		2,395,227	42	2,629,050	43
5910	Unrealized profit from sales	6(7)	(113,382)	(2)	(264,433)	(4)
5920	Realized profit on from sales	6(7)	264,433	4	136,040	2
5950	Net operating margin		2,546,278	44	2,500,657	41
	Operating expenses	6(16)(27)(28)				
6100	Selling expenses		(469,981)	(8)	(270,179)	(4)
6200	General and administrative expenses		(441,800)	(8)	(515,748)	(8)
6300	Research and development expenses		(412,387)	(7)	(397,896)	(7)
6450	Impairment loss determined in accordance with IFRS 9		10,000	-	-	-
6000	Total operating expenses		(1,314,168)	(23)	(1,183,823)	(19)
6900	Operating profit		1,232,110	21	1,316,834	22
	Non-operating income and expenses					
7100	Interest income	6(23)	2,014	-	374	-
7010	Other income	6(24) and 7	16,780	-	104,047	1
7020	Other gains and losses	6(25)	150,136	3	(586)	-
7050	Finance costs	6(26)	(21,801)	-	(13,009)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	468,531	8	669,481	11
7000	Total non-operating income and expenses		615,660	11	760,307	12
7900	Profit before income tax		1,847,770	32	2,077,141	34
7950	Income tax expense	6(29)	(302,012)	(5)	(238,349)	(4)
8200	Profit for the year		\$ 1,545,758	27	\$ 1,838,792	30
	Other comprehensive income (loss)					
	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)(21)	\$ 6,642	-	\$ -	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)(21)	5,977	-	-	-
8361	Financial statements translation differences of foreign operations	6(7)(21)	(50,205)	(1)	81,009	2
8300	Other comprehensive (loss) income for the year		(\$ 37,586)	(1)	\$ 81,009	2
8500	Total comprehensive income for the year		\$ 1,508,172	26	\$ 1,919,801	32
	Earnings per share (In dollars)	6(30)				
9750	Basic earnings per share		\$ 13.17		\$ 15.69	
9850	Diluted earnings per share		\$ 13.09		\$ 15.37	

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

TCI CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings			Other equity interest			Treasury shares	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - unearned employee compensation		
<u>For the year ended December 31, 2020</u>											
Balance at January 1, 2020		\$1,196,172	\$2,600,733	\$ 396,403	\$ 168,346	\$3,192,547	(\$ 314,133)	(\$ 11,576)	(\$ 95,417)	\$ -	\$7,133,075
Profit for the year		-	-	-	-	1,838,792	-	-	-	-	1,838,792
Other comprehensive income for the year	6(21)	-	-	-	-	-	81,009	-	-	-	81,009
Total comprehensive income		-	-	-	-	1,838,792	81,009	-	-	-	1,919,801
Appropriations of 2019 earnings											
Legal reserve		-	-	201,613	-	(201,613)	-	-	-	-	-
Special reserve		-	-	-	157,363	(157,363)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,040,622)	-	-	-	-	(1,040,622)
Exercise of employee stock purchase plans	6(17)(18)	6,250	29,856	-	-	-	-	-	-	-	36,106
Share-based payments	6(17)(21)(26)	-	33,743	-	-	-	-	-	83,048	-	116,791
Proceeds from capital reduction of restricted stocks to employees	6(18)	(220)	-	-	-	-	-	-	-	-	(220)
Purchase of treasury shares	6(18)	-	-	-	-	-	-	-	-	(664,895)	(664,895)
Retirement of treasury shares	6(18)	(20,000)	(45,900)	-	-	(372,138)	-	-	-	438,038	-
Balance at December 31, 2020		<u>\$1,182,202</u>	<u>\$2,618,432</u>	<u>\$ 598,016</u>	<u>\$ 325,709</u>	<u>\$3,259,603</u>	<u>(\$ 233,124)</u>	<u>(\$ 11,576)</u>	<u>(\$ 12,369)</u>	<u>(\$ 226,857)</u>	<u>\$7,500,036</u>

(Continued)

TCI CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest				Treasury shares	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - unearned employee compensation		
<u>For the year ended December 31, 2021</u>											
Balance at January 1, 2021		\$ 1,182,202	\$ 2,618,432	\$ 598,016	\$ 325,709	\$ 3,259,603	(\$ 233,124)	(\$ 11,576)	(\$ 12,369)	(\$ 226,857)	\$ 7,500,036
Profit for the year		-	-	-	-	1,545,758	-	-	-	-	1,545,758
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	61	(50,205)	12,558	-	-	(37,586)
Total comprehensive income (loss)		-	-	-	-	1,545,819	(50,205)	12,558	-	-	1,508,172
Appropriations of 2020 earnings											
Legal reserve		-	-	146,665	-	(146,665)	-	-	-	-	-
Reversal of special reserve		-	-	-	(81,009)	81,009	-	-	-	-	-
Cash dividends		-	-	-	-	(1,040,756)	-	-	-	-	(1,040,756)
Exercise of employee stock purchase plans	6(17)(18)	280	1,367	-	-	-	-	-	-	-	1,647
Proceeds from capital reduction of restricted stocks to employees	6(18)	(40)	-	-	-	-	-	-	-	-	(40)
Conversion of convertible bonds	6(18)	7	193	-	-	-	-	-	-	-	200
Share-based payments	6(17)(21)	-	18,385	-	-	-	-	-	12,369	-	30,754
Adjustment not proportionately to shareholding ratio		-	8,243	-	-	-	-	-	-	-	8,243
Exercise of employee stock purchase plans		-	366	-	-	-	-	-	-	-	366
Treasury stock transferred to employees	6(18)	-	268	-	-	-	-	-	-	108,070	108,338
Adjustment not proportionately to shareholding ratio		-	-	-	-	(533)	-	-	-	-	(533)
Balance at December 31, 2021		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	\$ -	(\$ 118,787)	\$ 8,116,427

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

TCI CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,847,770	\$ 2,077,141
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(27)	301,433	227,203
Amortisation	6(10)(27)	8,273	13,911
Impairment loss determined in accordance with IFRS 9	6(3)	(10,000)	-
Net gain on financial assets at fair value through profit or loss	6(2)(25)	(37,552)	(509)
Interest expense	6(26)	21,801	13,009
Interest income	6(23)	(2,015)	(374)
Dividend income	6(24)	(3,420)	(149)
Compensation cost arising from employee stock options	6(17)(28)	35,797	116,791
Share of profit of subsidiaries accounted for under equity method	6(7)	(468,531)	(669,481)
Gain on disposal of property, plant and equipment	6(25)	(1,203)	(180)
Increase in investment accounted for using equity method		(118,816)	-
Profit from lease modifications	4(15) and 6(25)	(44)	(42)
Unrealized profit from sales	6(7)	(151,051)	128,393
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,619	(12,713)
Accounts receivable		(78,902)	13,115
Accounts receivable - related parties		(126,189)	(135,918)
Other receivables		4,257	(8,445)
Other receivables - related parties		(19,399)	59,270
Inventories		(126,453)	308,455
Prepayments		(27,880)	116,551
Other current assets		(26,719)	644
Changes in operating liabilities			
Contract liabilities - current		34,657	(554,048)
Notes payable		90	(1,170)
Accounts payable		(5,708)	(176,963)
Accounts payable - related parties		80,993	(17,057)
Other payables		(665)	(78,203)
Other current liabilities		(16,863)	18,033
Other payables - related parties		30,622	(10,627)
Cash inflow generated from operations		1,145,902	1,426,637
Interest received		2,015	374
Dividends received		3,420	149
Interest paid		(21,467)	(9,557)
Income tax paid		(266,417)	(22,041)
Net cash flows from operating activities		<u>863,453</u>	<u>1,395,562</u>

(Continued)

TCI CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in investments accounted for under equity method	6(7)	(\$ 388,993)	(\$ 35,267)
Earnings distribution of investments accounted for using equity method	6(7)	954,902	-
Increase in current prepayments for investments		(138,375)	-
Acquisition of property, plant and equipment	6(31)	(50,026)	(100,807)
Proceeds from disposal of property, plant and equipment		4,306	416
Acquisition of intangible assets	6(10)	(3,701)	(7,856)
Acquisition of financial assets at fair value through profit or loss	6(2)	(124,789)	(134,893)
Proceeds from disposal of financial assets at fair value		6,113	-
Increase in financial assets at amortised cost	6(4)	(597,731)	(176,953)
Increase in prepayments for purchase of equipment		(408,686)	(653,842)
(Decrease) increase in refundable deposits		7,203	(1,472)
(Increase) decrease in other non-current assets		(156)	(217)
Net cash flows used in investing activities		(739,933)	(1,110,891)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of short-term borrowings		(4,423,217)	(3,111,636)
Proceeds from short-term borrowings		4,795,121	3,987,970
Lease liabilities paid	6(9)	(9,080)	(13,360)
Repayment of bonds		(435,200)	-
Proceeds from long-term borrowings		963,530	3,980
Cash dividends paid		(1,040,756)	(1,040,622)
Employee stock options		1,647	36,106
Acquisition of treasury shares	6(18)	-	(664,895)
Unvested redeemed stocks from restricted stocks to employees	6(18)	(40)	(220)
Treasury stock transferred to employees		108,338	-
Payments due to disgorgement		366	-
Net cash flows used in financing activities		(39,291)	(802,677)
Net increase (decrease) in cash and cash equivalents		84,229	(518,006)
Cash and cash equivalents at beginning of year	6(1)	507,239	1,025,245
Cash and cash equivalents at end of year	6(1)	\$ 591,468	\$ 507,239

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

TCI CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(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 is primarily engaged in manufacturing, wholesale and retail of health food and cosmetics.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 22, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only 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 at fair value through other comprehensive income.
 - (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company’s functional 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 Company entities, associates and joint 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 Company 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.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) 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 Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company 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.

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

(9) Accounts and notes receivable

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

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

(11) Derecognition of financial assets

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

The Company 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 Company 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 Company has not retained control of the financial asset.

(12) Inventories

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

(13) Investments accounted for using equity method / subsidiary

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have

- been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
 - D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction 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 recognized directly in equity.
 - E. When the Company loses control of a subsidiary, the Company 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 recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.
 - F. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. 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
Other	1 ~ 16 years

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

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

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

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

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.

(16) Intangible assets

A. Licences

Separately acquired licences are stated at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences 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.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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.

(18) Borrowings

Borrowings comprise long-term and short-term bank 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.

(19) 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.

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

A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Convertible bonds payable

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

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

(22) Derecognition of financial liabilities

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

(23) 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.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company'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 Company 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.

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

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, when the Company receives dividends from employees resigning during the vesting period, the Company credits related amounts that were previously debited from retained earnings, legal reserve or capital surplus 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 Company and the Company must

refund their payments on the stocks, the Company 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'.

(26) 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities 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 recognized for the carryforward of unused tax credits resulting from

research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(27) 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.

(28) Dividends

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

(29) Revenue recognition

- A. The Company 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 Company 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.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 2,500	\$ 2,086
Checking accounts and demand deposits	588,968	665,106
Time deposits	<u>774,684</u>	<u>17,000</u>
	1,366,152	684,192
Less: Shown as 'non-current financial assets at amortised cost'	(774,684)	-
Less: Shown as 'current financial assets at amortised cost'	-	(17,000)
Less: Shown as 'current financial assets at amortised cost - pledged'	<u>-</u>	<u>(159,953)</u>
	<u>\$ 591,468</u>	<u>\$ 507,239</u>

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

B. As of December 31, 2021 and 2020, the Company recognised time deposits with maturity over 3 months of \$0 and \$176,953, respectively, and shown as 'current financial assets at amortised cost'.

C. As of December 31, 2021, the bank deposits amounting to \$774,684, 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 Company's cash and cash equivalents pledged to others are provided in Note 8.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 144,125	\$ 134,893
Valuation adjustment	(12,859)	509
	<u>\$ 131,266</u>	<u>\$ 135,402</u>

- A. The Company's financial assets at fair value through profit or loss are not pledged to others as collateral.
- B. The Group has recognised net (losses) gains on investment of equity instrument amounting to \$37,552 and \$509 for the years ended December 31, 2021 and 2020, respectively.
- C. Information relating to credit risk 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>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 12,604	\$ 12,604
Unlisted stocks	22,540	22,540
	35,144	35,144
Valuation adjustment	(4,934)	(11,576)
	<u>\$ 30,210</u>	<u>\$ 23,568</u>

- A. The Company 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 \$30,210 and \$23,568 as at December 31, 2021 and 2020, respectively.
- B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$30,210 and \$23,568, respectively.
- C. The Company's financial assets at fair value through other comprehensive income are not pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits	\$ <u> -</u>	\$ <u> 176,953</u>
Non-current items:		
Time deposits	\$ <u> 774,864</u>	\$ <u> -</u>

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

	2021	2020
Interest income	\$ <u> 1,724</u>	\$ <u> 10</u>

B. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$774,864 and \$176,953, respectively.

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

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 14,034	\$ 15,653
Less: Allowance for uncollectible accounts	<u> -</u>	<u> -</u>
	<u>\$ 14,034</u>	<u>\$ 15,653</u>
Accounts receivable	\$ 318,710	\$ 239,808
Less: Allowance for uncollectible accounts	<u>(21,832)</u>	<u>(31,832)</u>
	<u>\$ 296,878</u>	<u>\$ 207,976</u>

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

	December 31, 2021	December 31, 2020
Not past due	\$ 263,443	\$ 184,513
Up to 30 days	46,279	19,420
31 to 90 days	<u>1,190</u>	<u>19,696</u>
	<u>\$ 310,912</u>	<u>\$ 223,629</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$224,031.

C. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$14,034 and \$15,653; \$296,878 and \$207,976, respectively.

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

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 394,658	(\$ 26,973)	\$ 367,685
Work in progress	7,856	-	7,856
Finished goods	117,096	(4,198)	112,898
	<u>\$ 519,610</u>	<u>(\$ 31,171)</u>	<u>\$ 488,439</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 326,307	(\$ 16,367)	\$ 309,940
Work in progress	6,577	-	6,577
Finished goods	60,273	(14,804)	45,469
	<u>\$ 393,157</u>	<u>(\$ 31,171)</u>	<u>\$ 361,986</u>

- A. The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020, was \$3,222,349 and \$3,439,476, respectively, including the amounts of \$0 and (\$3,787), respectively, the Company wrote down from cost to net realisable value accounted for as cost of goods sold.
- B. The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as these inventories which had been written down from cost to its net realisable value were subsequently sold in 2021 and 2020.

(7) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 4,698,485	\$ 4,039,995
Addition of investments accounted for using equity method	668,174	35,267
Share of profit or loss of investments accounted for using equity method	468,531	669,481
Unrealized profit (loss) from sales	(113,382)	(264,433)
Realized profit (loss) from sales	264,433	136,040
Changes in unappropriated earnings (not recognised proportionately to shareholding ratio)	(533)	-
Changes in other equity items	(40,948)	81,009
Earnings distribution of investments accounted for using equity method	(954,902)	-
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	20,964	1,126
At December 31	<u>\$ 5,010,822</u>	<u>\$ 4,698,485</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TCI FIRSTEK CORP.	\$ 3,431,748	\$ 3,106,833
GENE & NEXT INC.	200,156	127,218
MAXIGEN BIOTECH INC.	646,001	-
SHANGHAI BIOFUNCTION CO., LTD.	668,610	1,383,565
TCI HK LIMITED	4,614	13,540
TCI BIOTECH LLC	7,378	12,233
BIOCOSME CO., LTD.	5,007	5,006
TCI JAPAN CO., LTD.	18,779	26,257
PT TCI BIOTEK INDO	79	92
TCI BIOTECH NETHERLANDS B.V.	(22,090)	(1,126)
SMY INTERENT OF PACKAGE CO., LTD.	2,396	1,900
QUANTUM BIOLOGY INC.	8,054	21,841
PETFOOD BIOTECHNOLOGY CO., LTD.	18,000	-
	<u>4,988,732</u>	<u>4,697,359</u>
Add: Credit balance of investments accounted for under equity method (shown as '2600 other non-current liabilities')	22,090	1,126
	<u>\$ 5,010,822</u>	<u>\$ 4,698,485</u>

A. Information about the Company's subsidiaries is provided in Note 4(3) of the 2021 consolidated financial statements.

B. For the year ended December 31, 2021, the Company acquired 18.42% of the share capital of

MAXIGEN BIOTECH INC. for \$370,994. Along with 6.89% of share capital originally held, the company cumulatively holds 25.31% of the share capital in MAXIGEN BIOTECH INC.. On July 12, 2021, the Company exercises control over MAXIGEN BIOTECH INC., which held a shareholders' meeting to re-elect directors and independent directors.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 663,800	\$ 1,659,586	\$ 924,800	\$ 238,784	\$ 244,900	\$ 3,731,870
Accumulated depreciation	-	(133,636)	(387,570)	(87,754)	(137,448)	(746,408)
	<u>\$ 663,800</u>	<u>\$ 1,525,950</u>	<u>\$ 537,230</u>	<u>\$ 151,030</u>	<u>\$ 107,452</u>	<u>\$ 2,985,462</u>
<u>2021</u>						
At January 1	\$ 663,800	\$ 1,525,950	\$ 537,230	\$ 151,030	\$ 107,452	\$ 2,985,462
Additions	-	210	40,140	13,788	22,670	76,808
Disposals	-	-	(1,935)	-	(1,168)	(3,103)
Reclassifications	4,190	17,391	402,347	154,989	46,582	625,499
Depreciation charge	-	(51,323)	(155,058)	(42,937)	(43,368)	(292,686)
At December 31	<u>\$ 667,990</u>	<u>\$ 1,492,228</u>	<u>\$ 822,724</u>	<u>\$ 276,870</u>	<u>\$ 132,168</u>	<u>\$ 3,391,980</u>
<u>At December 31, 2021</u>						
Cost	\$ 667,990	\$ 1,677,187	\$ 1,360,357	\$ 407,561	\$ 306,920	\$ 4,420,015
Accumulated depreciation	-	(184,959)	(537,633)	(130,691)	(174,752)	(1,028,035)
	<u>\$ 667,990</u>	<u>\$ 1,492,228</u>	<u>\$ 822,724</u>	<u>\$ 276,870</u>	<u>\$ 132,168</u>	<u>\$ 3,391,980</u>

	Land	Buildings and structures	Machinery	Office equipment	Others	Total
<u>At January 1, 2020</u>						
Cost	\$ 499,649	\$ 776,310	\$ 742,685	\$ 198,082	\$ 199,745	\$ 2,416,471
Accumulated depreciation	-	(97,623)	(270,504)	(66,709)	(98,178)	(533,014)
	<u>\$ 499,649</u>	<u>\$ 678,687</u>	<u>\$ 472,181</u>	<u>\$ 131,373</u>	<u>\$ 101,567</u>	<u>\$ 1,883,457</u>
<u>2020</u>						
At January 1	\$ 499,649	\$ 678,687	\$ 472,181	\$ 131,373	\$ 101,567	\$ 1,883,457
Additions	-	-	5,778	2,576	10,724	19,078
Disposals	-	-	(236)	-	-	(236)
Reclassifications	164,151	883,276	176,573	38,126	35,307	1,297,433
Depreciation charge	-	(36,013)	(117,066)	(21,045)	(40,146)	(214,270)
At December 31	<u>\$ 663,800</u>	<u>\$ 1,525,950</u>	<u>\$ 537,230</u>	<u>\$ 151,030</u>	<u>\$ 107,452</u>	<u>\$ 2,985,462</u>
<u>At December 31, 2020</u>						
Cost	\$ 663,800	\$ 1,659,586	\$ 924,800	\$ 238,784	\$ 244,900	\$ 3,731,870
Accumulated depreciation	-	(133,636)	(387,570)	(87,754)	(137,448)	(746,408)
	<u>\$ 663,800</u>	<u>\$ 1,525,950</u>	<u>\$ 537,230</u>	<u>\$ 151,030</u>	<u>\$ 107,452</u>	<u>\$ 2,985,462</u>

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

(9) Leasing arrangements – lessee

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Carrying amount	Carrying amount
Buildings	\$ 14,119	\$ 25,957
Transportation equipment (Business vehicles)	-	664
	<u>\$ 14,119</u>	<u>\$ 26,621</u>
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	Depreciation charge	Depreciation charge
Buildings	\$ 8,083	\$ 11,905
Transportation equipment (Business vehicles)	664	1,028
	<u>\$ 8,747</u>	<u>\$ 12,933</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$0

and \$1,253, respectively.

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

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 334	\$ 573
Expense on short-term lease contracts	11,053	20,791
Expense on leases of low-value assets	4,046	9,028
Gain or loss on lease modification	44	42

E. For the years ended December 31, 2021 and 2020, the Company total cash outflow for leases was \$24,179 and \$43,179, respectively.

(10) Intangible assets

	<u>Software</u>	<u>Royalty</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 40,710	\$ 1,500	\$ 42,210
Accumulated amortisation	(28,083)	(650)	(28,733)
	<u>\$ 12,627</u>	<u>\$ 850</u>	<u>\$ 13,477</u>
<u>2021</u>			
At January 1	\$ 12,627	\$ 850	\$ 13,477
Additions	3,701	-	3,701
Reclassifications	5,041	-	5,041
Amortisation charge	(8,123)	(150)	(8,273)
At December 31	<u>\$ 13,246</u>	<u>\$ 700</u>	<u>\$ 13,946</u>
<u>At December 31, 2021</u>			
Cost	\$ 38,349	\$ 1,500	\$ 39,849
Accumulated amortisation	(25,103)	(800)	(25,903)
	<u>\$ 13,246</u>	<u>\$ 700</u>	<u>\$ 13,946</u>

	<u>Software</u>	<u>Royalty</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 37,519	\$ 1,650	\$ 39,169
Accumulated amortisation	(18,987)	(650)	(19,637)
	<u>\$ 18,532</u>	<u>\$ 1,000</u>	<u>\$ 19,532</u>
<u>2020</u>			
At January 1	\$ 18,532	\$ 1,000	\$ 19,532
Additions	7,856	-	7,856
Amortisation charge	(13,761)	(150)	(13,911)
At December 31	<u>\$ 12,627</u>	<u>\$ 850</u>	<u>\$ 13,477</u>
<u>At December 31, 2020</u>			
Cost	\$ 40,710	\$ 1,500	\$ 42,210
Accumulated amortisation	(28,083)	(650)	(28,733)
	<u>\$ 12,627</u>	<u>\$ 850</u>	<u>\$ 13,477</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2021	2020
Overhead	\$ 701	\$ 205
Selling expenses	250	962
Administrative expenses	6,698	10,359
Research and development expenses	624	2,385
	<u>\$ 8,273</u>	<u>\$ 13,911</u>

(11) Other non-current assets

	December 31, 2021	December 31, 2020
Prepayments for construction business facilities	\$ 779,066	\$ 994,136
Guarantee deposits paid	28,722	28,794
Other non-current assets	-	13,473
	<u>\$ 807,788</u>	<u>\$ 1,036,403</u>

(12) Financial assets / liabilities at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Financial assets - current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ -	\$ 134,893
Valuation adjustment	-	509
	<u>\$ -</u>	<u>\$ 135,402</u>
Financial liabilities - current items:		
Corporate bonds		
Call and put option of corporate bonds	\$ -	\$ -
Valuation adjustment	-	-
	<u>\$ -</u>	<u>\$ -</u>

- A. The Company's financial assets at fair value through profit or loss were not pledged to others as collateral.
- B. Amounts recognised in net gain in relation to investments in equity instruments were \$0 and \$509 for the years ended December 31, 2021 and 2020, respectively.
- C. Amounts recognised in net gain in relation to financial liabilities at fair value through profit or loss are \$0 and \$0 for the years ended December 31, 2021 and 2020, respectively.

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 157,654	\$ 261,730
Employee bonus payable	224,678	250,878
Payable on machinery and equipment	44,227	17,445
Others	226,896	98,416
	<u>\$ 653,455</u>	<u>\$ 628,469</u>

(14) Bonds payable

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

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

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

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

shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

(f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. For the year ended December 31, 2021, there were no bonds converted into common shares.

C. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$24,360 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets at fair value through profit or loss’ in net amount of \$720 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 0.6654%.

(15) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>1,448,238</u>	0.52%~3.33%	None

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>1,076,334</u>	0.58%~2.80%	None

Interest expense recognised in profit or loss amounted to \$13,755 and \$9,557 for the years ended December 31, 2021 and 2020, respectively.

(16) Pensions

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 Company for the years ended December 31, 2021 and 2020 were \$25,746 and \$28,441, respectively.

(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>December 31, 2021</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 3, 2020 to January 5, 2028; interest is repayable monthly.	0.89%~1.03%	None	967,510
				<u>\$ 967,510</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 3, 2020 to February 15, 2027; interest is repayable monthly.	1%	None	3,980
				<u>\$ 3,980</u>

(18) Share-based payment

A. For the years ended December 31, 2021 and 2020, the Company's share-based payment arrangements were as follows:

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

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

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

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	49	\$ 100	718	\$ 100
Options expired	-	-	(44)	100
Options exercised	(28)	-	(625)	100
Options outstanding at the end of the year	<u>21</u>	<u>\$ -</u>	<u>49</u>	<u>\$ 100</u>
Options exercisable at the end of the year	<u>21</u>	<u>\$ -</u>	<u>49</u>	<u>\$ 100</u>

	Years ended December 31,			
	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,692	\$ 448	1,827	\$ 448
Options expired	(75)	448	(135)	448
Options outstanding at the end of the year	<u>1,617</u>	<u>\$ 448</u>	<u>1,692</u>	<u>\$ 448</u>
Options exercisable at the end of the year	<u>1,294</u>	<u>\$ 448</u>	<u>717</u>	<u>\$ 448</u>

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 was \$238.08 and \$248.30, respectively.

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

Issue date approved	Expiry date	December 31, 2021		December 31, 2020	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	21	\$ 100	49	\$ 100
2018.05.15	2024.05.14	1,617	448	1,692	448

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

Type of arrangement	Issue date	Stock price (in dollars)	Exercise price	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	32.73	-	-	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	-	-	\$ 272.00

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

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

	Years ended December 31,	
	2021	2020
Equity-settled	\$ 35,797	\$ 116,791

G. On June 26, 2019, the Company issued 900 thousand shares of employee restricted ordinary shares as approved by the regulatory authority. The exercise price is \$10 (in dollars) per share and the fair value is determined based on the closing price of \$282 at the grant date less the exercise price of \$10. 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 December 31, 2021, the Company's authorised capital was \$2,000,000, and the paid-in capital was \$1,182,202, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows: (Share in thousands)

	2021		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	118,220	118,220
Employee stock options exercised	-	28	28
Restricted stocks to employee - stocks redeemed	-	(4)	(4)
Retirement of treasury shares	-	1	1
At December 31	-	118,245	118,245

	2020		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	119,617	119,617
Distribution of stock dividends		625	625
Employee stock options exercised	-	(22)	(22)
Retirement of treasury shares	-	(2,000)	(2,000)
At December 31	-	118,220	118,220

B. Treasury shares

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

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

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

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

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

Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 2 million shares within 2 months from the reported date. On April 30, 2020, the Board of Directors of the Company resolved to retire all the repurchased shares. As of December 31, 2021, all the repurchased shares have been retired.

- D. To be reissued to employees, on March 23, 2020, the Board of Directors of the Company during their meeting resolved to proceed with repurchasing of its own shares from the over-the-counter market in the amount of 3 million shares within 2 months from the reported date. Treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. As of December 31, 2021, the Company has repurchased 1,016 thousand shares, considering the efficiency of capital utilisation and the employees' willingness to subscribe for the shares, the Company will not repurchase more shares.

(20) Capital surplus

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

(21) Retained earnings

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

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

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

E. On June 7, 2021, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2020 earnings in the amount of \$1,040,755, with cash dividends of \$8.84 (in dollars) per share. On March 22, 2022, the Board of Directors of the Company approved the distribution of dividends from the 2021 earnings in the amount of \$1,050,014, with cash dividends of \$8.88 (in dollars) per share.

(22) Other equity items

	2021			
	Unrealized gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 233,124)	(\$ 12,369)	(\$ 257,069)
Currency translation differences	-	(50,205)	-	(50,205)
	5,916	-	-	5,916
Revaluation - gross	6,642	-	-	6,642
Compensation cost of share-based payments	-	-	12,369	12,369
At December 31	<u>\$ 982</u>	<u>(\$ 283,329)</u>	<u>\$ -</u>	<u>(\$ 282,347)</u>
	2020			
	Unrealized gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 11,576)	(\$ 314,133)	(\$ 95,417)	(\$ 421,126)
Currency translation differences	-	81,009	-	81,009
Compensation cost of share-based payments	-	-	83,048	83,048
At December 31	<u>(\$ 11,576)</u>	<u>(\$ 233,124)</u>	<u>(\$ 12,369)</u>	<u>(\$ 257,069)</u>

Amounts that the Company recognised in other comprehensive income due to the change in fair value and the amounts that the Company transferred from other equity to profit and loss for years ended December 31, 2021 and 2020 are all \$0.

(23) Operating revenue

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers	<u>\$ 5,717,576</u>	<u>\$ 6,068,526</u>

A. Disaggregation of revenue from contracts with customers

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

<u>Year ended December 31, 2021</u>	<u>Europe and America region</u>	<u>Asia Pacific region</u>	<u>Total</u>
Timing of revenue			
At a point in time	<u>\$ 502,355</u>	<u>\$ 5,215,221</u>	<u>\$ 5,717,576</u>
<u>Year ended December 31, 2020</u>	<u>Europe and America region</u>	<u>Asia Pacific region</u>	<u>Total</u>
Timing of revenue			
At a point in time	<u>\$ 418,188</u>	<u>\$ 5,650,338</u>	<u>\$ 6,068,526</u>

B. Contract assets and liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2019</u>
Contract liabilities – advance sales receipts	<u>\$ 178,800</u>	<u>\$ 144,143</u>	<u>\$ 698,191</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:

	Years ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 135,275</u>	<u>\$ 104,786</u>

(24) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	<u>\$ 2,014</u>	<u>\$ 374</u>

(25) Other income

	Years ended December 31,	
	2021	2020
Service income	\$ 1,665	\$ 65,755
Rent income	2,474	3,096
Dividend income	3,420	149
Other income - others	9,221	35,047
	<u>\$ 16,780</u>	<u>\$ 104,047</u>

(26) Other gains and losses

	Years ended December 31,	
	2021	2020
Gains(losses) on disposals of investments	\$ 118,816	\$ -
Gains on disposal of property, plant and equipment	1,203	180
Gains arising from lease modifications	44	42
Gains on financial assets (liabilities) at fair value through profit or loss	37,552	509
Foreign exchange losses	(6,978)	(1,088)
Miscellaneous disbursements	(501)	(229)
	<u>\$ 150,136</u>	<u>(\$ 586)</u>

(27) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Bank borrowings	\$ 13,775	\$ 9,557
Convertible bonds	7,692	2,879
Leases	334	573
	<u>\$ 21,801</u>	<u>\$ 13,009</u>

(28) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 730,600	\$ 966,785
Processing fee	127,955	108,244
Depreciation charges on property, plant and equipment	301,433	227,203
Operating lease payments	15,099	29,819
Amortisation charges on intangible assets	8,273	13,911
	<u>\$ 1,183,360</u>	<u>\$ 1,345,962</u>

(29) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	\$ 591,825	\$ 719,975
Employee stock options (Note)	35,797	116,791
Labour and health insurance fees	55,531	62,104
Pension costs	25,746	28,441
Other personnel expenses	21,701	39,474
	<u>\$ 730,600</u>	<u>\$ 966,785</u>

Note: It was equity-settled.

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

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$117,518 and \$163,401, respectively; while directors' and supervisors' remuneration was accrued at \$4,200 and \$4,200, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not be higher than 3% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$117,518 and \$4,200, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors were \$163,401 and \$4,200, respectively, and were in agreement with those amounts recognised in the 2020 financial statements.

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

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 183,133	\$ 315,996
Tax on undistributed surplus earnings	36,619	30,827
Effect from investment tax credits	(26,446)	(30,827)
Prior year income tax overestimation	(68,634)	(49,939)
Total current tax	<u>124,672</u>	<u>266,057</u>
Deferred tax:		
Origination and reversal of temporary differences	36,032	(27,708)
Remittance of earnings	141,308	-
Total deferred tax	<u>177,340</u>	<u>(27,708)</u>
Income tax expense	<u>\$ 302,012</u>	<u>\$ 238,349</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 369,554	\$ 415,427
Effect from items not recognised in accordance with tax regulation	(150,389)	(127,139)
Effect from investment tax credits	(26,446)	(30,827)
Prior year income tax overestimation	(68,634)	(49,939)
Tax on undistributed earnings	36,619	30,827
	141,308	-
Income tax expense	<u>\$ 302,012</u>	<u>\$ 238,349</u>

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

	2021		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for obsolescence and decline in market value of inventories	\$ 6,234	\$ -	\$ 6,234
Unrealised exchange loss	638	(638)	-
Unrealised gross profit	<u>52,886</u>	<u>(30,210)</u>	<u>22,676</u>
	<u>\$ 59,758</u>	<u>(\$ 30,848)</u>	<u>\$ 28,910</u>
-Deferred tax liabilities:			
Unrealised exchange gain	\$ -	(\$ 5,184)	(\$ 5,184)
	<u>\$ -</u>	<u>(\$ 5,184)</u>	<u>(\$ 5,184)</u>
	<u>\$ 59,758</u>	<u>(\$ 36,032)</u>	<u>\$ 23,726</u>
	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for obsolescence and decline in market value of inventories	\$ 6,991	(\$ 757)	\$ 6,234
Unrealised exchange loss	-	638	638
Unrealised gross profit	<u>27,208</u>	<u>25,678</u>	<u>52,886</u>
	<u>\$ 34,199</u>	<u>\$ 25,559</u>	<u>\$ 59,758</u>
-Deferred tax liabilities:			
Unrealised exchange gain	(\$ 2,149)	\$ 2,149	\$ -
	<u>(\$ 2,149)</u>	<u>\$ 2,149</u>	<u>\$ -</u>
	<u>\$ 32,050</u>	<u>\$ 27,708</u>	<u>\$ 59,758</u>

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

(31) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 1,545,758</u>	117,374	<u>\$ 13.17</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,545,758		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	-	
Employee stock option	-	16	
Employees' compensation	-	705	
Restricted stocks	-	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,545,758</u>	<u>118,095</u>	<u>\$ 13.09</u>
	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 1,838,792</u>	117,226	<u>\$ 15.69</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,838,792		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	905	1,440	
Employee stock option	-	41	
Employees' compensation	-	771	
Restricted stocks	-	228	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,839,697</u>	<u>119,706</u>	<u>\$ 15.37</u>

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 76,808	\$ 19,078
Add: Opening balance of payable on equipment	17,445	99,174
Less: Ending balance of payable on equipment	(44,227)	(17,445)
Cash paid during the year	<u>\$ 50,026</u>	<u>\$ 100,807</u>

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2021	2020
Convertible bonds being converted to capital stocks	<u>\$ 200</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
GENE & NEXT INC. (GENE & NEXT)	Subsidiary
SHANGHAI BIOFUNCTION CO., LTD. (BIOFUNCTION)	Subsidiary
TCI BIOTECH LLC(TCI BIOTECH)	Subsidiary
TCI JAPAN CO., LTD. (TCI JAPAN)	Subsidiary
SHANGHAI BIOTRADE CO., LTD. (BIOTRADE)	Second-tier subsidiary
SHANGHAI BIOSCIENCE CO., LTD. (BIOSCIENCE)	Second-tier subsidiary
SHANGHAI BIOCOSME CO., LTD. (BIOCOSME)	Second-tier subsidiary
GLUX HK LTD. TAIWAN BRANCH. (GLUX HK)	Second-tier subsidiary
TCI LIVING CO., LTD. (TCI LIVING) (Formerly named is SBI CO., LTD.)	Second-tier subsidiary
TCI BIOTECH USA LLC(TCI BIOTECH USA)	Second-tier subsidiary

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2021	2020
Sales of goods:		
Subsidiary		
BIOTRADE	\$ 1,036,143	\$ 2,022,416
BIOFUNCTION	1,341,839	1,741,026
TCI BIOTECH LLC	1,297,306	519,730
Other	157,363	128,393
	<u>\$ 3,832,651</u>	<u>\$ 4,411,565</u>

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

B. Purchases:

	Years ended December 31,	
	2021	2020
Purchases of goods:		
Subsidiary		
TCI JAPAN	\$ 45,637	\$ 138,447
BIOTRADE	145,068	86,544
Other	110,637	86,641
	<u>\$ 301,342</u>	<u>\$ 311,632</u>

Goods are purchased from the related party on normal commercial terms and conditions.

C. Service and rent revenue: (shown as 'other income')

	Years ended December 31,	
	2021	2020
Service revenue:		
Subsidiary		
TCI LIVING CO., LTD.	\$ 1,080	\$ -
BIOFUNCTION	-	63,715
Other	585	2,040
Rent revenue:		
Subsidiary		
Other	2,286	2,286
Other income - others		
Other	189	5,089
	<u>\$ 4,140</u>	<u>\$ 73,130</u>

Service revenue pertain to providing human resources and operating management assistance, R&D services and rights and patents to subsidiaries. Rent revenue pertain to leasing offices to subsidiaries and the rental is determined in accordance with mutual agreements and paid on a monthly basis.

D. Service expenses: (shown as 'operating cost' and 'operating expense')

	Years ended December 31,	
	2021	2020
Purchases of services:		
Subsidiary		
GENE & NEXT	\$ 144,165	\$ 84,704
Other	-	616
	<u>\$ 144,165</u>	<u>\$ 85,320</u>

Service expense pertain to consulting services such as drug inspection, clinical trial and registration guidance provided by subsidiaries.

E. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Subsidiary		
TCI BIOTECH	\$ 364,447	\$ 221,642
BIOTRADE	134,722	134,029
BIOFUNCTION	47,910	70,960
TCI LIVING	32,131	46,721
TCI JAPAN	38,419	33,967
BIOSCIENCE	15,190	29,356
TCI NL	18,266	-
Other	<u>14,337</u>	<u>2,558</u>
	<u>665,422</u>	<u>539,233</u>
Other receivables:		
Subsidiary		
BIOFUNCTION	\$ 10,592	\$ 1,206
TCI BIOTECH	\$ 8,712	\$ -
Other	<u>8,198</u>	<u>6,897</u>
	<u>27,502</u>	<u>8,103</u>
	<u>\$ 692,924</u>	<u>\$ 547,336</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 60-90 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.

F. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Subsidiary		
Other	<u>\$ 208,678</u>	<u>\$ 127,685</u>

Payables to related parties are incurred from purchases and expired two months after the purchase date and do not have collateral nor bear interests.

G. Other payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
Subsidiary		
Other	<u>\$ 43,943</u>	<u>\$ 13,321</u>

Other payables to related parties are incurred from services received.

H. Contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities:		
Subsidiary		
BIOFUNCTION	\$ <u> -</u>	\$ <u> 103,284</u>

Contract liabilities from related parties are mainly advance sales receipts from related parties.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 89,038	\$ 105,052
Share-based payments	20,112	92,371
	<u>\$ 109,150</u>	<u>\$ 197,423</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Property, plant and equipment	\$ 1,995,750	\$ 1,605,479	Short-term and long-term borrowings
Current financial assets amortised at cost	-	159,953	Short-term borrowings
Non-current financial assets amortised at cost	774,684	-	Restricted by the regulation governing the management, utilization, and taxation of repatriated offshore funds
	<u>\$ 2,770,434</u>	<u>\$ 1,765,432</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	\$ <u> 245,670</u>	\$ <u> 286,090</u>

B. As of December 31, 2021 and 2020, the Company's total unused letters of credit was \$8,124 and \$22,072, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 131,266	\$ 135,402
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 30,210	\$ 23,568
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 591,468	\$ 507,239
Financial assets at amortised cost	774,684	176,953
Notes receivable	14,034	15,653
Accounts receivable	296,878	207,976
Accounts receivable-related parties	665,422	539,233
Other receivables	17,059	21,316
Other receivables-related parties	27,502	8,103
Guarantee deposits paid	28,722	28,794
	<u>\$ 2,415,769</u>	<u>\$ 1,505,267</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,448,238	\$ 1,076,334
Notes payable	1,440	1,350
Accounts payable	528,446	534,154
Accounts payable-related parties	208,678	127,685
Other accounts payable	653,455	628,469
Other accounts payable-related parties	43,943	13,321
Corporate bonds payable (including current portion)	-	434,268
Long-term borrowings (including current portion)	967,510	3,980
	<u>\$ 3,851,710</u>	<u>\$ 2,819,561</u>
Lease liability	<u>\$ 14,466</u>	<u>\$ 27,012</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 241,058	4.3440	\$ 1,047,156
USD:NTD	28,296	27.6800	783,233
EUR:NTD	773	31.3200	24,210
JPY:NTD	178,981	0.2405	43,045
SGD:NTD	1,295	20.4600	26,496
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 37,549	4.3440	\$ 163,113
JPY:NTD	736,479	0.2405	177,123
USD:NTD	1,712	27.6800	47,388
EUR:NTD	2,380	31.3200	74,542
December 31, 2020			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 162,060	4.3770	\$ 709,337
USD:NTD	20,486	28.4800	583,441
EUR:NTD	4,287	35.0200	150,131
JPY:NTD	436,788	0.2763	120,685
SGD:NTD	1,604	21.5600	34,582
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 73,856	4.3770	\$ 323,268
JPY:NTD	467,516	0.2763	129,175
USD:NTD	10,168	28.4800	289,585
EUR:NTD	1,657	35.0200	58,028

- iii. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to \$6,978 and \$1,088, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2021		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 10,472	\$	-
USD:NTD	"	7,832		-
EUR:NTD	"	242		-
JPY:NTD	"	430		-
SGD:NTD	"	265		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 1,631	\$	-
JPY:NTD	"	1,771		-
USD:NTD	"	474		-
EUR:NTD	"	745		-

		Year ended December 31, 2020		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 7,093	\$	-
USD:NTD	"	5,834		-
EUR:NTD	"	1,501		-
JPY:NTD	"	1,207		-
SGD:NTD	"	346		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 3,233	\$	-
JPY:NTD	"	1,292		-
USD:NTD	"	2,896		-
EUR:NTD	"	580		-

Price risk

- i. The Company'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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic or foreign companies. The prices of equity securities would change due to the change of

the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,313 and \$1,354, 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 \$302 and \$236, 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 Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars, United States dollars and Chinese Renminbi.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,932 and \$864, 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable in accordance with credit risk. The

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

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

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2021</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 263,443	\$ 57,807	\$ 11,494	\$ -	\$ 332,744
Loss allowance	\$ -	\$ 10,338	\$ 11,494	\$ -	\$ 21,832
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2020</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 184,513	\$ 40,181	\$ 30,767	\$ -	\$ 255,461
Loss allowance	\$ -	\$ 1,065	\$ 30,767	\$ -	\$ 31,832

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

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 31,832	\$ -
Provision for impairment	(10,000)	-
At December 31	<u>\$ 21,832</u>	<u>\$ -</u>
	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 31,832	\$ -
Provision for impairment	-	-
At December 31	<u>\$ 31,832</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. As of December 31, 2021 and 2020, the Company has undrawn borrowing facilities of \$8,276,559 and \$8,781,646, respectively.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant

maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short term borrowings	\$ 1,448,238	\$ -	\$ -
Notes payable	1,440	-	-
Accounts payable (including related parties)	737,124	-	-
Other payables (including related parties)	697,398	-	-
Lease liability	6,806	6,557	1,103
Long-term borrowings	-	-	967,510
Convertible bonds	-	-	-

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short term borrowings	\$ 1,076,334	\$ -	\$ -
Notes payable	1,350	-	-
Accounts payable (including related parties)	661,839	-	-
Other payables (including related parties)	641,790	-	-
Lease liability	12,494	9,020	7,740
Long-term borrowings	-	-	3,980
Convertible bonds	439,820	-	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company'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 Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 131,266	\$ -	\$ -	\$ 131,266
Financial assets at fair value through other comprehensive income				
Equity securities	<u>2,851</u>	<u>-</u>	<u>27,359</u>	<u>30,210</u>
	<u>\$ 134,117</u>	<u>\$ -</u>	<u>\$ 27,359</u>	<u>\$ 161,476</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of corporate bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 135,402	\$ -	\$ -	\$ 135,402
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,196</u>	<u>-</u>	<u>22,372</u>	<u>23,568</u>
	<u>\$ 136,598</u>	<u>\$ -</u>	<u>\$ 22,372</u>	<u>\$ 158,970</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of corporate bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

i. The instruments the Company used market quoted prices as their fair values (that is, Level

1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price
ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).	
iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company'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 Company'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 Company 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 Company's credit quality.	
D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.	
E. For the years ended December 31, 2021 and 2020, no Level 3 financial instrument was changed.	
F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.	
G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.	

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 27,359	Discounted cash flow	Long-term revenue growth rate	15%	The higher the long- term revenue growth rate, the higher the fair value;
			Weighted average cost of capital	8.68%	the higher the discount rate, the lower the fair value.
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 22,372	Discounted cash flow	Long-term revenue growth rate	15%	The higher the long- term revenue growth rate, the higher the fair value;
			Weighted average cost of capital	9.41%	the higher the discount rate, the lower the fair value.

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

		December 31, 2021					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability		±5%	\$ -	\$ -	\$ 1,368	\$ 1,368

		December 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability		±5%	\$ -	\$ -	\$ 1,119	\$ 1,119

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(10) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

None.

TCI CO., LTD.
Loans to others
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	SHANGHAI BIOFUNCTION CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	\$ 510,600	\$ 510,600	\$ -	4.35%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 1,202,404	\$ 1,202,404	Notes 5 and 6
2	SHANGHAI BIOSCIENCE CO., LTD.	TCI CO., LTD.	Other receivables - related parties	Y	344,400	344,400	-	4.35%	2	-	For operating capital	-	None	-	382,566	382,566	Notes 5 and 6

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021. The amount is calculated at the closing rate of RMB\$1 : NTD\$4.3440, the exchange rate used in original transaction shall be adopted if there was no movement.

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

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

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

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

TCI CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
			Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party										
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	\$ 1,623,285	\$ 138,624	\$ 138,624	\$ -	\$ -	1.71	\$ 4,058,214	Y	N	N	Note 3

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

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

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

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

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

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

TCI CO., LTD.

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 2,851	0.13	\$ 2,851	
TCI CO., LTD.	LIN LIE INTEGRATION CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	54,000	372	3.48	372	
TCI CO., LTD.	PURE MILK CO., LTD.	The Company was an institutional shareholder of PURE MILK CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	403,333	26,987	9.26	26,987	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	The company was an institutional shareholder of CHUN LING INTERNATIONAL CO., LTD..	Financial assets at fair value through other comprehensive income - non-current	228,000	18,685	19.00	18,685	
TCI CO., LTD.	NIPPI INC	None	Financial assets at fair value through profit or loss - current	70,600	62,908	2.44	62,908	
TCI CO., LTD.	SYNGEN BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	148,000	16,724	0.55	16,724	
TCI CO., LTD.	GENMONT BIOTECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	2,079,000	50,624	2.41	50,624	
TCI CO., LTD.	NuVasive INC.	None	Financial assets at fair value through profit or loss - current	700	1,010	0.00	1,010	

TCI CO., LTD.

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account (Note 2 Note 3)	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021			
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
MAXIGEN BIOTECH INC.	Shares - MAXIGEN BIOTECH INC.		-	-	1,957,000	\$45,072	15,622,881	\$435,406	-	\$-	-	\$-	-	17,579,881	\$480,478

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

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

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

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

TCI CO., LTD.

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	(Sales)	\$ 1,036,134	(18.12)	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.	\$ 134,722	13.80	
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	1,341,839	(23.47)	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.	47,910	4.91	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,297,306	(22.69)	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.	364,447	37.33	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	Purchases	145,068	(4.37)	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.	(98,846)	(13.38)	

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

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	Accounts receivable \$ 134,722	7.71	-	-	\$ 134,722	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable 364,447	4.43	-	-	364,447	-

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

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 1,036,134	The prices and terms of sales and purchases are available to third parties.	12.08
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	134,722	The prices and terms of sales and purchases are available to third parties.	0.92
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	1,341,839	The prices and terms of sales and purchases are available to third parties.	15.64
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	47,910	The prices and terms of sales and purchases are available to third parties.	0.33
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,297,306	The prices and terms of sales and purchases are available to third parties.	15.12
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	364,447	The prices and terms of sales and purchases are available to third parties.	2.48
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Purchases	145,068	The prices and terms of sales and purchases are available to third parties.	2.99
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts payable	98,846	The prices and terms of sales and purchases are available to third parties.	0.67

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
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TCI CO., LTD.	TCI FIRSTEK CORP.	Taiwan	Wholesale and retail of health foods and cosmetics	\$ 43,685	\$ 43,685	238,296,886	100.00	\$ 3,431,748	\$ 277,108	\$ 277,108	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	64,250	64,250	11,296,692	52.64	200,156	92,635	55,970	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	4,614 (	8,644) (	8,644)	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	-	5.66	7,378 (	20,214)	1,853	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,007	1	1	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	18,779 (	4,321) (	4,321)	None
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	441	11	6	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	42,389 (	1,485) (	780)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,692 (	14) (	6)	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	79 (	12) (	12)	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	3,367	3,367	-	100.00 (	22,090) (	28,023) (	28,023)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	19.00	2,396	2,611	496	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	8,054 (	14,037) (	14,037)	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	-	17,579,881	22.83	646,001	87,667	16,048	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	180,000	-	18,000	60.00	18,000	-	-	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 December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of December 31, 2021.

TCI CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing	\$ 14,117	Note 3	\$ 15,440	\$ -	\$ -	\$ 15,440	\$ 267,834	100.00	\$ 267,834	\$ 3,560,835	\$ 289,047	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	26,064	Note 2	-	-	-	-	288,545	100.00	288,545	3,334,954	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	(27,422)	(27,422)	(27,422)	(27,422)	157,396	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	465,775	100.00	465,775	1,826,844	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	(463)	(463)	(463)	(463)	44,730	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	2,768	Note 3	-	-	-	(2,881)	(2,881)	41.75	(2,285)	4,212	-	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 audited and attested by R.O.C. parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 692,000	\$ 5,545,198
TCI FIRSTEK CORP.	15,440	15,440	2,127,078
TCI LIVING CO., LTD.	8,500	30,448	30,958

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.3440, USD\$1 : NTD\$27.6800; income presents at RMB\$1 : NTD\$4.3402, USD\$1 : NTD\$27.9983;

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

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others
SHANGHAI BIOFUNCTION CO., LTD.	\$ 1,341,839	23.47	\$ -	-	\$ 47,910	4.91	\$ -	-	\$ -	-	-	\$ -	-
SHANGHAI BIOTRADE CO., LTD.	1,036,134	18.12	-	-	134,722	13.80	-	-	-	-	-	-	-
SHANGHAI BIOTRADE CO., LTD.	(145,068)	(4.37)	-	-	(98,846)	(13.38)	-	-	-	-	-	-	-

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

TCI CO., LTD.
Major shareholders information
December 31, 2021

Table 11

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

TCI Co., Ltd



President: Yung-hsiang Lin

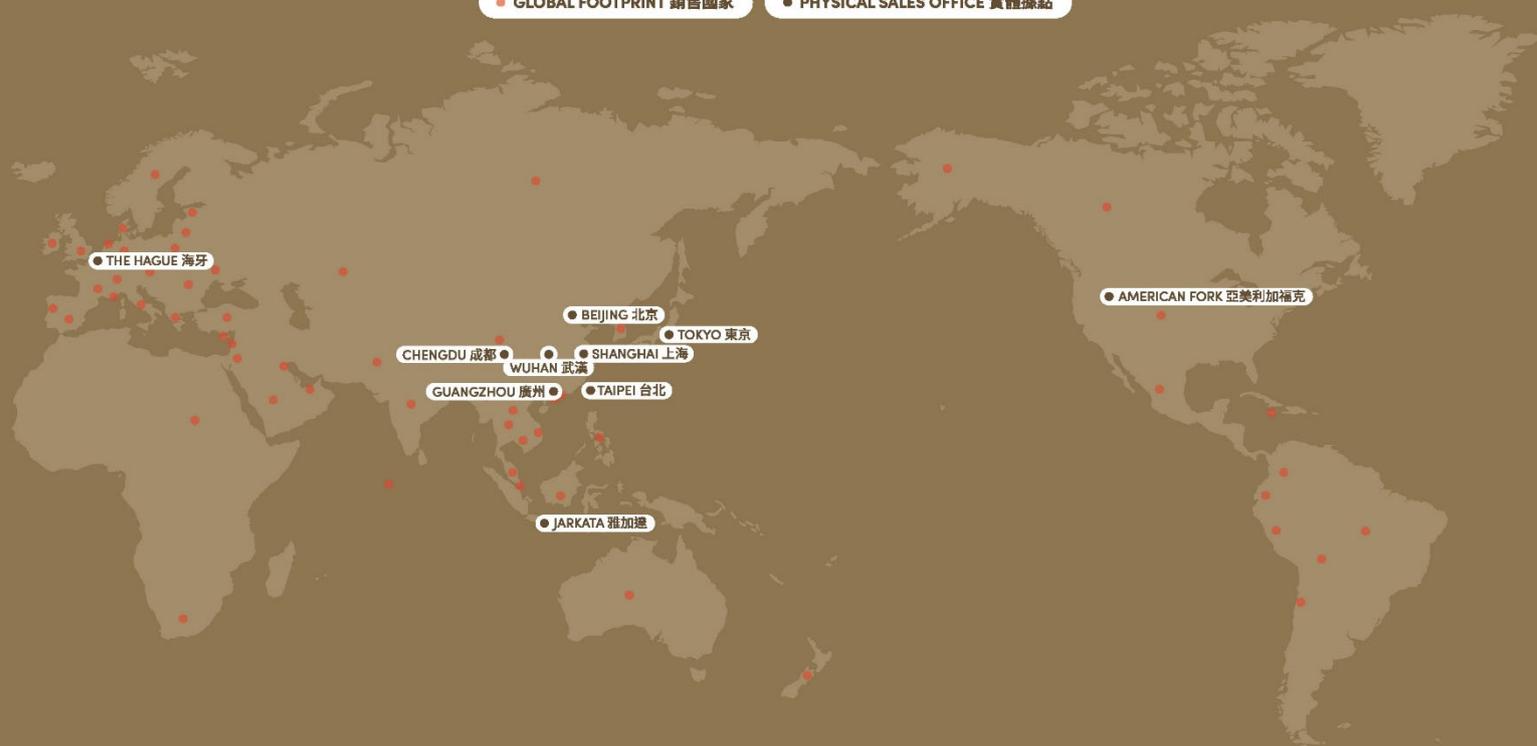




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